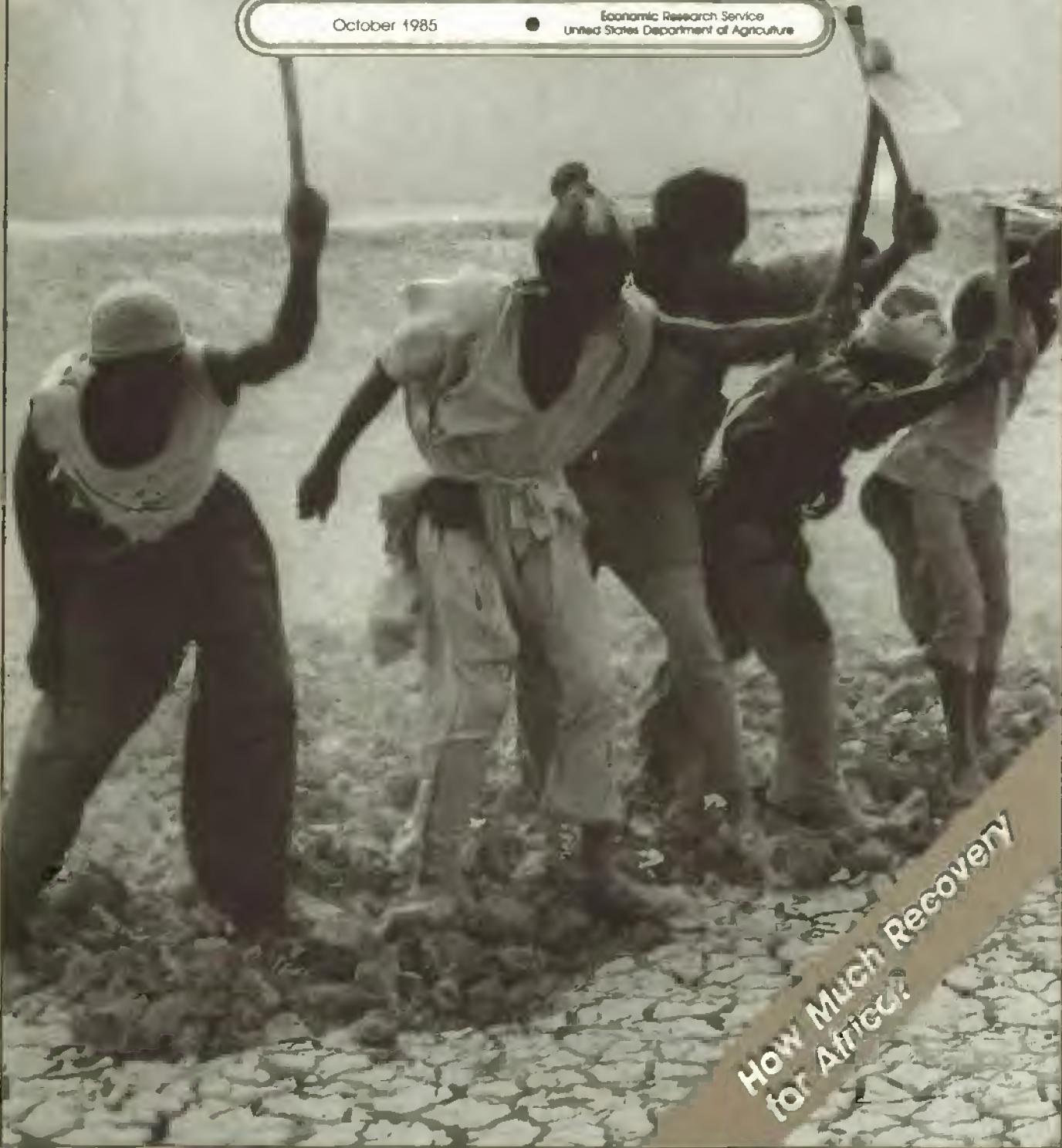


AGRICULTURAL OUTLOOK

October 1985

Economic Research Service
United States Department of Agriculture



How Much Recovery
for Africa?

AGRICULTURAL OUTLOOK

October 1985/AO-113



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In Brief. . . News of '85 Farm Income, World Exports by Region, P.L. 480

Net farm income for 1985 is forecast at \$23 to \$27 billion, compared with \$34.5 billion in 1984. Crop cash receipts should total near last year, as lower prices just offset increased production. Livestock receipts, however, are expected to fall well short of 1984.

Food prices in the first 7 months of this year averaged 2.4 percent above the same period in 1984. The small size of the rise stems in part from low farm prices. Retail food price increases in 1985 will be among the smallest in recent years—between 2 and 3 percent.

As of mid-August, U.S. farm product exports for fiscal 1985 were forecast at \$32 billion, nearly 16 percent below 1984. Volume is forecast at 129 million tons, 10 percent below last year. Despite lower U.S. prices, demand for feedstuffs in major U.S. markets has grown slowly, and many importers' own supplies are also high. Moreover, competition has been heightened by competitors' large exportable supplies and their willingness and ability to undercut U.S. prices.

Commercial beef production for January-July 1985 was 2 percent above a year earlier, mainly because of sharply higher dressed cattle weights. For hog producers, poor returns persisted despite low feed costs. Slaughter rates this summer point to a continued decline in hog numbers.



The wheat harvest, probably the smallest in 5 years, is nearing completion. Although the crop is down 195 million bushels from 1984, supplies will still exceed use.

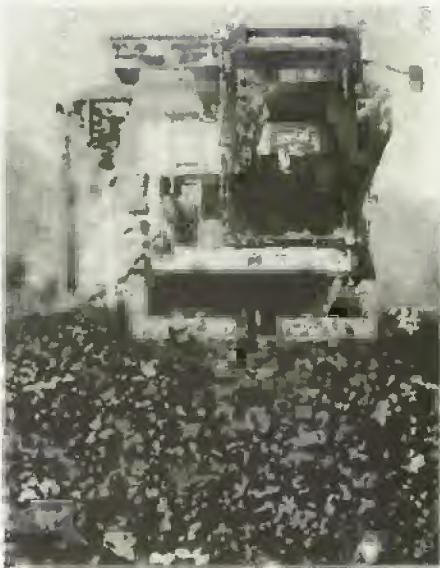
Excessive supplies also continue to depress the rice market. Smaller 1985 plantings will likely be more than offset by a bigger carryin, leaving total supplies 4 percent larger than a year ago.

Feed grain ending stocks are projected to exceed 94 million metric tons next season, up 93 percent from 1984/85. Stocks will be bolstered by expected record crops of corn, sorghum, and barley, and a larger oat harvest. The feed grain supply for the 1985/86 marketing year is forecast at 314 million tons, about 46 million above a year earlier.

Smaller supplies and stable demand will keep fruit prices relatively high this fall. Apple and pear crops are down 3 and 5 percent, respectively, but supplies of table grapes will be 16 percent larger, based on September 1 conditions. The 1985/86 citrus crop will probably be small as a result of freeze damage in Florida and Texas in 1983 and again this year.

During the 1960's and early 1970's, India was the world's largest recipient of food aid. Many observers doubted if the nation would ever feed itself. Per capita production of food grains showed little growth, and regular large-scale imports were necessary to avert widespread starvation. Now, strong production gains have made India self-sufficient in food grains—its dominant food staple.

The rains have returned to Ethiopia and Sudan. The worst may be over for many survivors of this year's famine. But, food shortages will not disappear. Estimates show that in 1985/86 Ethiopia will require 1.1 million and Sudan 0.9 million tons of food grain imports simply to maintain consumption at the nutritionally inadequate levels of the past 4 years.



Agricultural Economy

The world economic and trade environment has changed dramatically since the passage of the 1981 farm bill. Farm policy that was conceived in a climate of strong demand for U.S. commodities has become unworkable as market conditions have soured.

When the 1981 farm bill was written, the main concern on the international scene was whether production would be able to keep pace with the booming demand for farm products. This viewpoint was understandable; world trade had grown at unprecedented levels and the United States had been the main beneficiary. Between 1971 and 1981, world agricultural trade rose 160 million metric tons (55 percent), with U.S. exports up over 100 million tons. During these boom years, U.S. market prices were generally above support levels, and significant deficiency payments were made in only 2 years—1978 and 1979. In effect, the farm sector was operating largely in a free market environment during much of that period.

World Recession, Higher Dollar Ended U.S. Export Boom

The situation has changed considerably since the early 1980's. U.S. farm exports in fiscal 1985 will be about one-fifth below their 1980 peak volume. Except for the drought year (1983), U.S. commodity prices have been near the loan rate, and land values have declined sharply. So, what happened?

An unforeseen world recession, the most widespread since World War II, and severe debt crisis brought a halt to booming world import demand, especially in the developing countries. Meanwhile, the value of the dollar rose to levels substantially higher than in the late 1970's, as foreign investors sought the security and high return of American investments.

But U.S. Farm Policy Was Set for Expansion

However, U.S. farm policies were set for production expansion in the 1980's, and domestic and trade policies in many foreign countries forced much of the needed worldwide adjustment in supply and demand back on U.S. farmers. Many of the factors behind the loss of exports, such as exchange rates and economic recession, are largely outside the influence of U.S. agricultural policy. Others, such as loan rates, are not.

To understand why there has been so much emphasis on loan rates in the hearings and discussions on the 1985 farm bill, it is critical to understand how loan rates and exchange rates independently affect international markets, and also, how each can reinforce or offset the effects of the other.

U.S. Support Price Perceived As World Floor Price

During the 1970's, the United States demonstrated its ability to respond quickly to increased food and fiber demand. This allowed the United States to capture the lion's share of the sharp increases in world import demand. It also positioned the United States as the price leader in world commodity markets.

Price supports or loan rates generally act as floor prices for U.S. program crops. But the mechanism by which this is accomplished is often misunderstood. The Government does not directly purchase commodities at the loan rate, nor is there a guarantee that market prices will not fall below the loan rate. Rather, the Government agrees to lend those farmers who meet all eligibility requirements (such as placing some of their land into conservation uses) an amount based on the commodity-specific loan rate. The farmer puts up his crop as collateral and can get it back by paying off the loan plus accumulated interest. If the farmer chooses not to repay the loan, the Government becomes the owner of the crop. Only if enough farmers are eligible and choose to take advantage of the loan program are sufficient

quantities isolated from the market to maintain prices at, or above, the loan rate.

Since the United States is the price leader in world markets, the Government loan rates are generally perceived as the floor prices for world markets. The minimum loan rates established in the 1981 farm bill basically guaranteed foreign importers and exporters that world prices would not go significantly below those levels for the next 4 years. Prices of foreign competitors have dropped below our loan rates, but the loan rate still acts as the main reference point in pricing policies.

U.S. Loan Rates Can Prevent Market Clearing

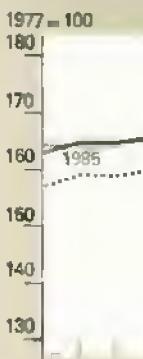
U.S. floor prices for major field crops greatly affect U.S. and international markets. From a basic economic viewpoint, they restrict adjustments in supply and demand and keep world prices above market-clearing levels.

In a free market situation, if supply expands without a commensurate increase in demand, producers must accept lower prices to sell their crops. The lower prices signal farmers to produce less in the future or reduce per unit costs of output.

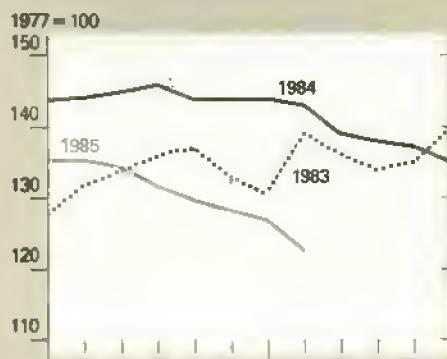
These supply adjustments occur naturally as long as prices are above loan rates. When prices drop to the loan rate, however, the price support mechanism allows producers to take the excess U.S. supply off the market, helping prevent prices from falling to free market-clearing levels. Since foreign producers know there will be only limited U.S. supplies offered for export at prices below the loan rate, they take the opportunity to undercut U.S. prices and gain a larger share of the world markets. The reduced U.S. exports, in turn, mean bigger excess supplies in the United States. Thus, much of the worldwide oversupply is forced back on the U.S. agricultural sector and often into U.S. Government stocks.

Prime Indicators of the Agricultural Economy

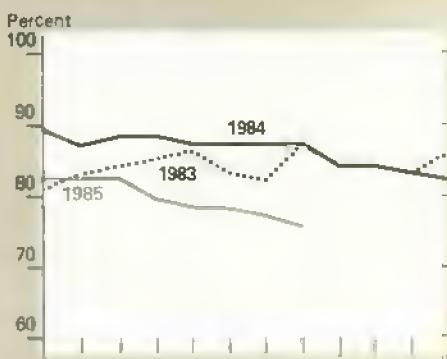
Prices paid by farmers¹



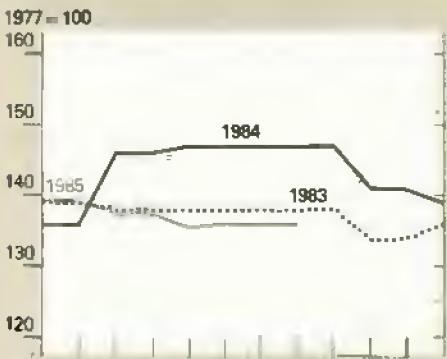
Prices received by farmers²



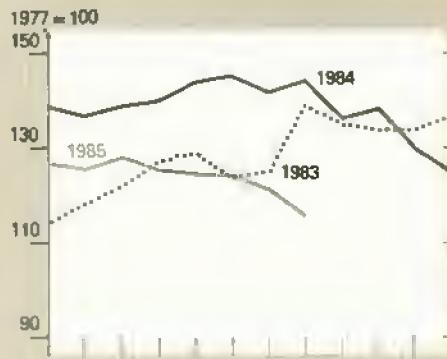
Ratio of prices received to prices paid



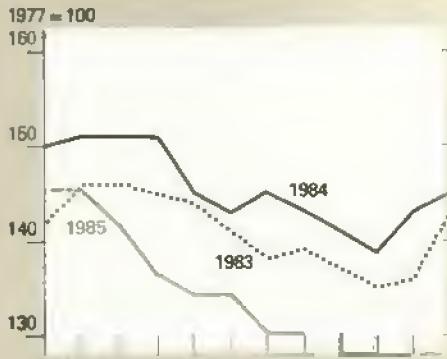
Fertilizer prices³



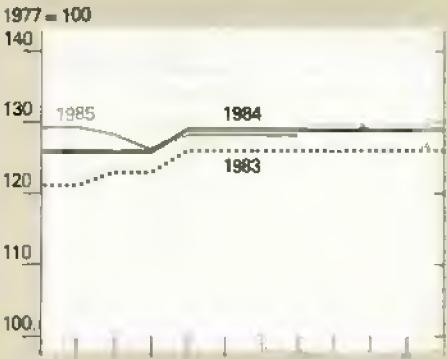
All crops⁴



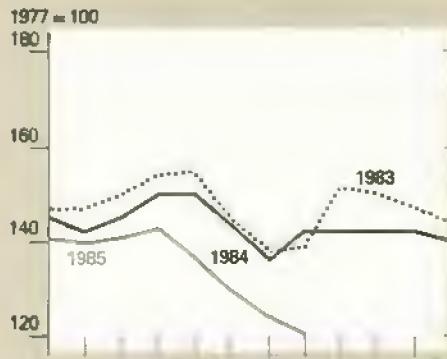
Livestock and products⁴



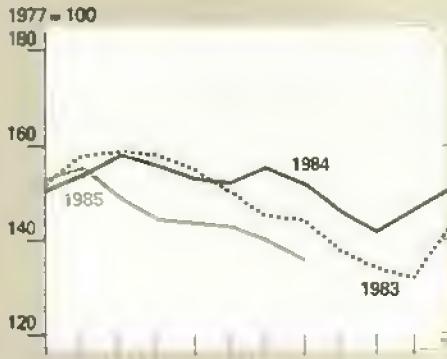
Agricultural chemicals³



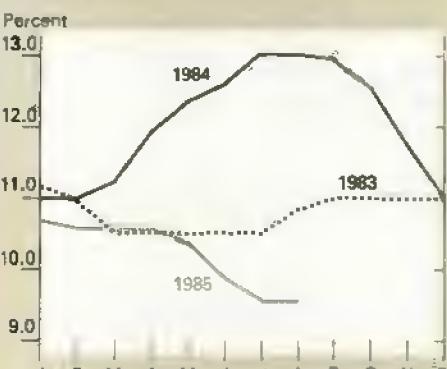
Food grains⁴



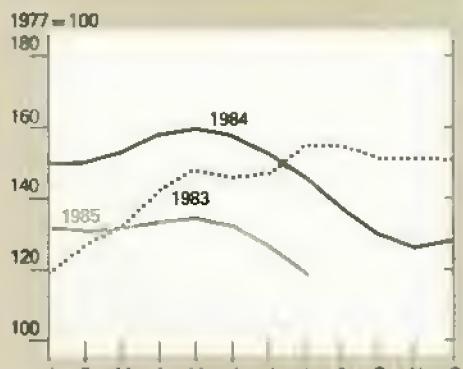
Meat animals⁴



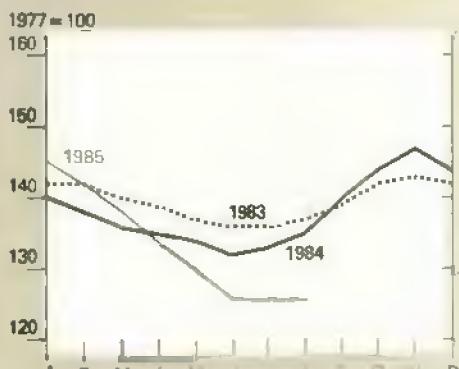
Interest rates—prime rate



Feed grains and hay⁴



Dairy products⁴



¹For commodities and services, interest, taxes, and wages.

²For all farm products.

³Index of prices paid; 1977 = 100.

⁴Index of prices received; 1977 = 100.

Effects on Importers Are Mixed
To foreign consumers, import prices supported by the U.S. loan rate are higher than they would be otherwise because they do not reflect the excess supply situation. This encourages importers to restrict purchases, especially if they have limited hard currency, and to increase their own production or seek alternative supply sources. Greater production in traditional importer countries, in turn, reduces the growth in world import demand.

However, this is not a one-way street for importers. As the U.S. Government and farmers (via the farmer-owned reserve) increase stocks, importers face less risk of sharp price rises because of temporary shortfalls in world production. In case of a shortfall, U.S. stocks can be released, although at a higher price. Thus, in the long run importers will be more likely to depend on the world market, possibly enhancing their demand. Competing exporters, however, will capture the benefits of this enhanced demand if U.S. prices are not competitive.

Exchange Rates Can Alter Price Changes

In world markets, almost all commodities are priced in U.S. dollars, no matter who the seller. However, farmers in competing exporting countries are not paid in U.S. dollars, nor do consumers in importing nations pay for their food in dollars. Thus, when the value of the dollar appreciates against another currency, foreign producers and consumers see an increase in the price of U.S. commodities, even if the price in dollars is unchanged. The opposite is true when the dollar is dropping.

The short-run effect of an appreciating dollar is to reduce total world import demand, since importers have to pay more in their currencies, even if the world price expressed in dollars does not change. Higher prices also mean foreign competitors see the value of their exports rise as the dollar appreciates. This increase is an incentive for competitors to boost production and exports. It also provides an excellent opportunity to undercut U.S. prices and capture a larger share of the market.

How Price Supports and Exchange Rates Interact

If prices are above the loan rate, the market will handle changes in the exchange rates by adjustments in price. An appreciating dollar means higher prices to importers, but U.S. prices can be lowered sufficiently to offset the higher dollar. A declining dollar boosts the competitive advantage of U.S. products. Importers increase their purchases from the United States since they have to pay less in their currencies. Exporters see their prices declining, and produce less for export.

However, when price support mechanisms keep prices from adjusting downward, the higher valued dollar simply compounds the problem for U.S. exports. The U.S. farmer sees no increase in prices, but the importers and foreign exporters do. Quantity demanded shrinks, but demand for competitors' products increases. The United States loses exports and market share.

Many Analysts Favor More Flexible Loan Rates

While the drop in U.S. exports and the decline in market share have been caused by more than loan rates and exchange rates, most of these other factors are beyond the influence of farm policy. Exchange rates, too, are determined by wider economic policy. Thus, there are currently several proposals in the 1985 farm bill for flexible loan rates to counteract changes in exchange rates and other factors that alter world supply and demand.
[Gerald Rector (202) 786-1691]

LIVESTOCK HIGHLIGHTS

• Cattle

Commercial beef production for January-July 1985 was 2 percent above a year earlier. At the same time, commercial cattle slaughter was 3 percent below a year earlier. Dressed weights for the first 7 months averaged 648 pounds, 26 pounds above the same period last year, and accounted for the higher production.

The backlog of market-ready cattle began during the first quarter and led to increased production, which has persisted. Federally inspected dressed weights in July declined from May's record 665 pounds, but still hovered near 660.

Large supplies have resulted in a widening of the farm-to-retail price spread because retail price changes lag

behind live animal price changes. Farm prices were further depressed by large supplies of pork and poultry this year, widening the farm-to-retail spread to a record \$1.17 in July. The previous high, \$1.14 in September 1982, also occurred when short-term beef production rose because of a backlog in feedlots. Since 1981, the price spread has averaged about \$1.00 per retail pound.

Fourth-quarter beef production is expected to drop about 5 percent from a year earlier. The timing and depth of the decline depend upon when feedlot marketings become current. Once the backlog has been alleviated, probably by mid-fall, dressed weights and production should go down. Another factor that will affect fourth-quarter production is the smaller number of cattle placed on feed during the second quarter. Fed cattle marketings may be down 4 to 6 percent during the last quarter of this year.

The beef farm-to-retail price spread should narrow as production declines this fall and fed cattle prices rise.

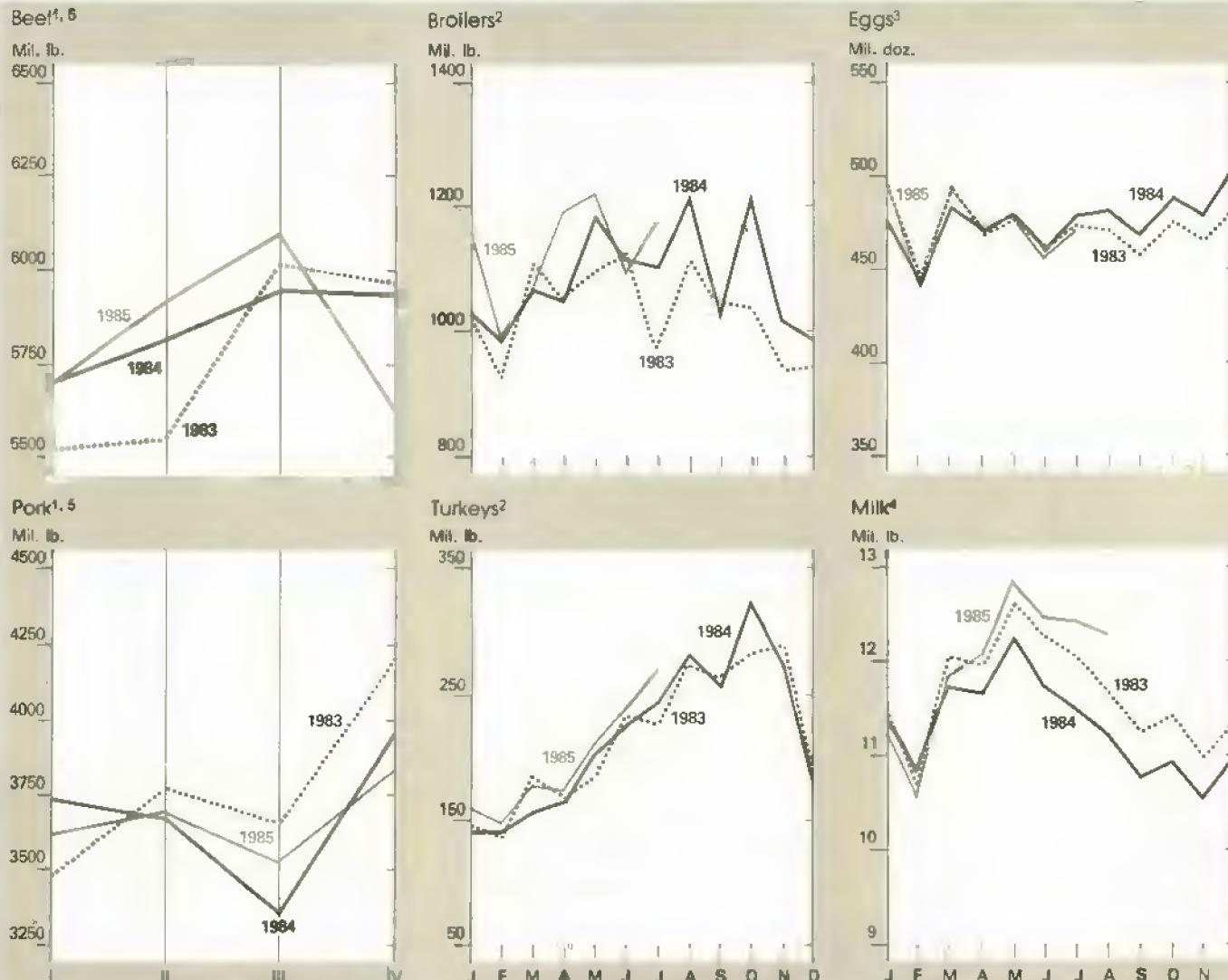
But, retail price movements likely will again lag behind the cattle price changes. Tighter supplies could result in higher bid prices for Choice steers, possibly ranging from \$59 to \$62 per cwt. If retail beef prices fall between \$2.30 and \$2.35 a pound this fall, the spread may narrow to about \$1.00 by late fall or early winter.

During first-half 1986, a further drop in beef production, possibly 4 to 6 percent from the same period a year earlier, combined with less pork, will support modest continued gains in fed cattle prices and more narrowing in farm-to-retail price spreads. The price spread will likely be narrower by about 2 to 3 percent during 1986 than in 1985, as Omaha Choice steer prices strengthen to average in the mid-\$60's for the year.

Choice steer prices will probably reach a seasonal high during the second quarter next year, averaging in the middle to upper \$60's. Large total meat supplies and sluggish consumer income growth will hold down price gains for the more expensive beef cuts.

Yearling steer prices fell to the low \$60's during July and August in response to low Choice steer prices and light demand for feedlot placement. Prices at Kansas City averaged \$61.00 per cwt in July and \$61.52 in August.

Supplies Update: Livestock and Products



¹Commercial production. ²Federally inspected slaughter, certified. ³Farm production. ⁴Total production. ⁵Forecast for latest quarters.

Cattle feeding will likely pick up during the latter part of the fourth quarter, as cattle feeders respond to stronger Choice steer prices and low grain prices. Increased demand will lend support to feeder cattle prices.

In addition, demand for stockers for wheat pasture grazing will likely be strong. Because of low grain prices, feeders will probably place more light-weight calves on feed to take advantage of increased feed efficiency and a lower cost of gain. Yearling steer prices at Kansas City may average in the mid-\$60's during the fourth quarter and strengthen to the low \$70's next spring with the higher Choice steer prices. Lighter calves will be bid even higher and may average in the middle to upper \$70's.

Federally inspected cow slaughter from January through mid-August was 15 percent below a year earlier, but weekly slaughter was down 30 to 40 percent during the first 3 weeks of August. Beef cow slaughter for the first 7 months of this year was 11 percent lower than a year earlier and weekly slaughter of beef cows in mid-August was down 40 percent from a year ago. So, it appears that liquidation of the breeding herd has fallen off some, particularly in light of the fact that cow slaughter normally increases seasonally. However, the proportion of heifers in the slaughter mix is still higher than normal.

Omaha Utility cow prices averaged \$35.80 per cwt during August. Prices may average in the upper \$30's during the fourth quarter with strongest prices occurring in late fall as cow slaughter and pork production decline seasonally. Stronger Utility cow prices are likely through 1986, peaking in the middle \$40's next spring, and averaging \$40 to \$44 per cwt during the year. [John Nalivka (202) 786-1830]

• Hogs

Despite a record corn crop this year and resulting low corn and soybean meal prices, slaughter rates this summer have been higher than expected, pointing to a continuing decline in hog numbers. Although costs of production

are going down, low hog prices have kept producer returns below breakeven. Also, farm financial difficulties appear to be more pronounced in the Corn Belt, where most hog production takes place. The continued decline in hog numbers, especially in the breeding inventory, implies that the number of sows farrowing will remain below a year earlier at least through December-February and that pork production may remain below a year earlier through most of 1986.

Slaughter rates this summer have been higher than suggested by the June 1 inventory of market hogs weighing 60 to 179 pounds. Thus, summer production is estimated at 3,525 million pounds, 5 percent over a year ago. Slaughter hogs imported from Canada this summer were below last year's level. Sow slaughter as a percentage of total slaughter is also running below last summer. Consequently, it appears that producers may be breeding a larger proportion of sows for another litter and selling the young gilts to raise cash.

Hog prices in August at the 7 major markets averaged \$43.50 per cwt. down 7 percent from July. Prices in September have declined further as hog slaughter has increased seasonally. Prices may remain in the high \$30's until the end of November, then rise in December. Prices in the fourth quarter should average \$40 to \$44 per cwt. A *Hogs and Pigs* report will be released about the time this report goes to press, which will give an update on producer plans for future production.

Pork imports totaled 691 million pounds, carcass weight, during January-July, up 26 percent from a year earlier. The largest increases were from Denmark and Canada. In second-half 1985, imports are expected to drop to last year's level because of a reduction in Danish export subsidies and a weakening of the dollar. For all of 1985, pork imports may total 1,100 million pounds, up 15 percent from 1984. However, in 1986 pork imports are expected to decline moderately.

Live hogs imported from Canada numbered 970,680 during January-July, up 31 percent from the comparable period in 1984. Countervailing duties of Can\$4.39 per cwt will likely slow Canadian exports of live hogs in the coming months. For all of 1985, imports of live hogs may total 1.2 million head, down slightly from 1984. In 1986, countervailing duties are expected to cut live hog imports to below 1 million head.

U.S. pork exports totaled 80 million pounds during January-July, down 24 percent from a year earlier. Most of the decline was due to reduced shipments to Japan. Taiwan and Denmark have captured most the Japanese market share lost by the United States. For all of 1985, pork exports may total 120 million pounds, down 27 percent from a year ago. In 1986, exports could decline an additional 6 to 10 percent as production declines and prices rise. [Leland Southard (202) 786-1830]

• Broilers

The broiler industry appears set for continued expansion in the remainder of 1985 and in 1986. Currently, wholesale prices are above costs of production. Yields of 1985/86 crops are expected to be high. Thus, feed costs are likely to remain favorable for broiler producers. During most of 1986, competitive supplies of red meats will probably be below a year earlier, also helping to strengthen broiler prices.

The broiler hatching egg supply flock provides a leading indicator of broiler producers' intentions 7 months from the present. Recently, this indicator has been fluctuating strongly. However, cumulative pullet chick placements for hatchery supply flocks 7 to 14 months earlier suggest that the hatching egg supplies in the fourth quarter will be about 2 percent above last year. In January and February 1986, cumulative pullet placements will be 1 to 2 percent above 1985. Thus, hatching egg supplies in early 1986 will not be greatly above this year, unless producers keep their old hens in the flock more than 14 months.

Output of broiler meat from federally inspected plants in second-quarter 1985 totaled 3,513 million pounds, up 5 percent from 1984. The number of birds slaughtered was up 4 percent and the average weight was up 1 percent. The number of broiler chicks hatched for slaughter in the third quarter is 3.5 percent larger than last year. Weekly slaughter data suggest weights may be near last year. Thus, output in

the third quarter is expected to be 4 percent larger than the 3,339 million pounds produced in 1984.

The weekly data on eggs set and chicks placed for slaughter in the fourth quarter suggest output will not gain as much as in the third. Chicks placed for early fourth-quarter slaughter are averaging only 2 to 3 percent above last year. Unless producers increase egg sets and chicks placed, output in the fourth quarter may be up 3 to 4 percent above the 3,227 million pounds produced in 1984.

Broiler producers will likely increase production in 1986. The general economy is expected to continue expanding. With favorable costs of production and good demand, producers will probably expand output 4 to 6 percent over 1985.

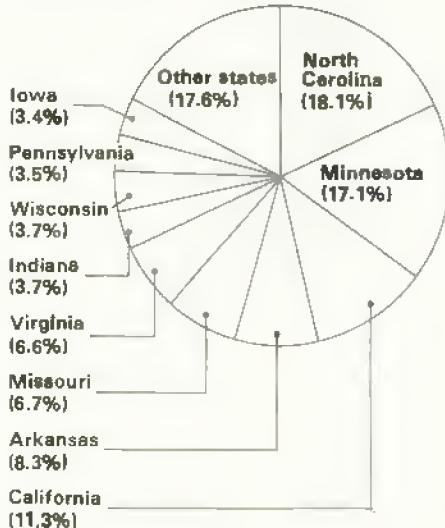
The 12-city wholesale price for a composite of whole birds, branded birds, and birds without giblets averaged 50 cents per pound during August, down from 51 last year. Prices increased in late August, reflecting a rise in demand for Labor Day outings. Prices strengthened early in September, and the average price for the third quarter is forecast at 50 to 52 cents, down from 54 last year.

Demand for broilers is usually weak in the fourth quarter as consumers opt for more turkey. However, with output in the fourth quarter up only slightly, wholesale prices for broilers in the 12 cities may average 48 to 52 cents per pound. Prices in 1986 may average 47 to 53 cents, near this year's 50 to 52. [Allen Baker (202) 786-1830]

• Turkey

Based on pouls placed that could be slaughtered in the third quarter, turkey meat output in the third quarter is expected to be up 4 percent above a year ago. Turkey eggs in incubators on August 1 were up sharply. If placements are up correspondingly, output in the fourth quarter may be up 4 percent from last year.

North Carolina, Minnesota Lead in Turkey Output



The favorable returns to turkey producers in 1985 are expected to encourage increased output again in 1986. Costs of production will likely remain down. With supplies of red meats reduced, prices should be favorable. Thus, output in 1986 is expected to increase 7 percent from this year.

Stronger prices in late 1984 plus lower production costs prompted turkey producers to expand 1985 output. The preliminary estimate of turkeys raised in 1985 is 180 million head, up from 171 million last year. Output of turkey meat from federally inspected plants in second-quarter 1985 was up 6 percent from 1984's 589 million pounds.

Cold storage stocks of frozen turkey are above the low levels of last year but below 2 years ago. Prices continue to strengthen despite gains in cold storage, suggesting that retailers are stocking up on holiday turkeys early this year. These turkeys will likely be sold during the fourth quarter, and thus not drive down prices in 1986.

The price of 8- to 16-pound commodity packed hen turkeys in the Eastern region averaged 78 cents a pound in August, up from 72 last year. Prices have continued to strengthen as retailers have locked up stocks for future needs. As a result, prices in the third quarter may average 77 to 79 cents, up from 72 cents in 1984. During the fourth quarter, prices may average 76 to 80, down sharply from 1984's record 90 cents. If producers increase output significantly in 1986, prices may average 69 to 69 cents, compared with this year's 72 to 73 cents. [Allen Baker (202) 786-1830]

• **Eggs**

Egg prices strengthened seasonally in late August as vacations ended and school began. Prices for cartoned Grade A large eggs during the third quarter may average 65 to 69 cents per dozen, down from 70 cents last year. If producers continue to reduce egg production, prices may strengthen in the fourth quarter and average 67 to 71 cents, up from 67 last year. If output is reduced in 1986 as expected, prices for next year may average 68 to 72 cents, up from 1985's projected average of 63 to 65.

After losing money most of the year, egg producers are enjoying prospects for favorable returns as demand strengthens seasonally through yearend. If output is reduced as forecast and costs of production remain favorable, the expected higher prices in 1986 will likely improve net returns.

The number of layers on hand during July was 2 percent below last year. The flock is getting older and the rate of lay, while still high, is about the same as last year, resulting in 2 percent fewer eggs produced. The rate of lay is expected to continue near last year or possibly slip, because not as many replacement pullets were added this year as last.

During the third quarter, production may be down 2 percent from the 1,427 million dozen of last year. With a seasonal rise in demand in the fourth quarter, egg production will likely dip only 1 percent from last year. Next year, output is also expected to be down 1 percent. [Allen Baker (202) 786-1830]

CROP HIGHLIGHTS

• **Wheat**

The wheat harvest, probably the smallest in 5 years, is nearing completion. The smaller crop, down 195 million bushels from 1984, will provide 1985/86's marketing season with the lowest supplies in the last three seasons. The 1985/86 marketing year began with a June 1 carryin totaling 1.42 billion bushels, compared with 1.40 billion a year earlier. All of the rise over last year resulted from near-record Hard Red Spring stocks, up 19 percent from a year earlier, and record Soft White wheat, up 4 percent. Hard Red and Soft Red Winter wheat inventories declined, while Durum was about unchanged.

Expanded use of the wheat loan program and expectations of large 1985 corn and sorghum harvests will dampen wheat feeding and cause an estimated 15 percent decline in 1985/86 feed use. The high-valued dollar and large foreign wheat crops will hinder this season's exports, causing overseas loadings to decline 19 percent from a year ago, to the smallest volume in 8 years. These projections reflect the sharpest season-to-season decline in wheat use in over 10 years. Lower use will in turn lead to higher stocks when the 1986/87 marketing year begins.

Despite the smaller harvest, 1985/86 wheat prices will be influenced by the near-record 1985 world crop and record stocks. The season average U.S. farm price is expected to fall to between \$3.05 and \$3.25 a bushel, compared with last season's \$3.38.

World wheat production in 1985/86 is forecast at 506 million tons, down 8 million from the record last year. The production forecast for the four major foreign exporters was down 4.5 million tons from last month. The outlook in the EC has been hurt by persistent and heavy rains at harvest across northwest Europe. Australian prospects have been hurt by weather; extended dryness before and during the planting will put harvested area at the lowest level in 3 years. Drought in Canada during June and July, and rains at harvesttime have reduced yield prospects in Alberta and Saskatchewan. Also, reduced plantings and yield prospects will likely result in a decline in Argentine output this year.

World wheat trade in early 1985/86 has been slow for all of the major exporters, especially compared with the torrid buying pace set in summer 1984 by the Soviet Union and China. World trade this year is expected to fall 13 percent below 1984/85, with import needs of the Soviet Union, South Korea, and Brazil substantially reduced.

As of early September, the EC had granted export authorizations for less than 200,000 tons, only 5 percent of the 3.8 million tons granted last year at this time. Australian exports were constrained by strikes at export terminals in New South Wales, which may have delayed shipment of about 1 million tons during the summer. Canadian sales as of late August were also well behind last year.

India has harvested another bumper wheat crop and is seeking to export its surplus. A severe shortage of covered storage is prompting India to make at least 2 to 3 million tons available for export. Although 500,000 tons have already been sold to the Soviet Union, Vietnam, and Romania, recent discussions with Pakistani and Soviet purchasing authorities have apparently been unsuccessful. India's problems in selling wheat include: high domestic support prices (around \$130 per ton), a lack of bulk handling facilities, and complaints from the Soviet Union about the quality of last year's shipments.

The first sales under the Export Enhancement Program were announced on September 13 and will result in the shipment of about 175,000 tons of wheat flour to Egypt in November-December. Nevertheless, U.S. exports and outstanding sales in mid-September were less than half that of last year. Sales of Hard Red Winter and Soft Red Winter are down substantially, and Durum is the only class that has stayed close to last year's shipment levels. This continued slow selling pace has prompted a reduction in the 1985/86 U.S. export forecast to 31.3 million tons, the lowest since 1977/78. [Allen Schienbein (202) 786-1840 and Scott R. Reynolds (202) 786-1691]

•Rice

Excessive supplies continue to depress the rice market. Although producers cut 1985 plantings by 0.3 million acres from a year earlier, lower output will likely be more than offset by a larger carryin. Thus, total rice supply will likely approach 193 million cwt, posting a 4-percent increase over a year ago.

Production could decline 8 percent in 1985/86 because of the acreage cutbacks. Yields are expected to increase 4.5 percent. Widespread use of higher yielding varieties, such as Lemont, may push average long grain yields up 6 percent. Medium and short grain yields are expected to go up only about 2 percent.

With disappearance forecast to decline slightly for the 1985/86 marketing year, carryout is projected to climb to around 74 million cwt. This would exceed pre-PIK levels of 1982/83. Most of the carryover will likely end up in CCC inventory, leaving free stocks at a relatively low 16 million cwt, or 13 percent of total use. Around 73 percent of ending stocks will probably be long grain, compared with 35 percent just 2 years ago. Overall farm prices are expected to be relatively low, averaging from \$7.80 to \$8.80 a cwt for the rice marketing year. Medium grain prices are above the loan rate as the year begins and are expected to remain strong.

Global rice production in 1985/86 is forecast at almost 316 million tons (milled basis), down 2 million from 1984/85. Reports from China indicate that farmers are responding to new Government policies by planting a somewhat smaller area to rice and using less fertilizer.

The new policy in China reduced price incentives to produce rice above contracted amounts and requires the Government to buy all rice for sale only if market prices fall sharply below the old quota price. Yields grew by nearly 7 percent per year from 1980-1984, but the yield forecast for 1985/86 is about the same as last year. The September production forecast for China, which grows over one-third of the world's rice, is 120.4 million tons, a decline of 4.2 million from last year's record.

World rice trade in calendar 1985 is expected to total 11.6 million tons, down over 1 million from 1984. Brazil recently purchased 150,000 tons from Thailand and may need considerably more before its own rice is harvested in early 1986. Competition for the lower quality markets has intensified recently; Pakistan and Taiwan have undercut Thai prices to make sales.

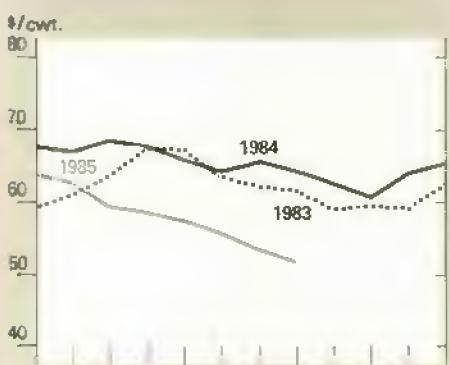
During June and July, Pakistan was setting the pace by accepting bids around \$140-\$150 per ton. More recently, however, Taiwan announced its intention to sell 100,000 tons of its 1983 crop out of storage at prices between \$127 and \$138. In addition, Taiwan offered to provide short-term financing for large purchases. Also, India and Indonesia, the world's second and third largest producers, will both face abnormally large stocks this fall and they are determined to find international outlets.

The United States has struggled in recent years to maintain commercial sales in the face of excess world production and uncompetitive U.S. export prices. The proportion of Government-assisted rice exports has risen from about 20 percent in 1980-82 to nearly 60 percent in fiscal 1985.

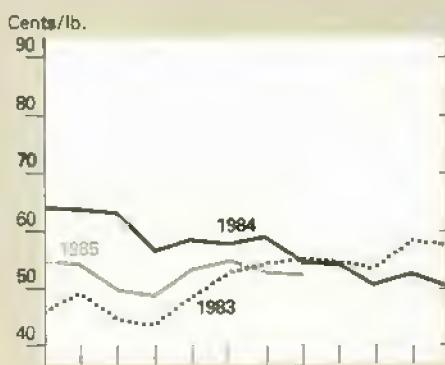
Government-assisted exports for calendar 1985 will likely top 1 million tons for the first time since 1972, through a combination of increased P.L. 480 financing, GSM-102 credit for Iraq and Portugal, and the CCC drought-relief program to Africa. Nearly 200,000 tons will be shipped in 1985 under the CCC program. The U.S. export forecast for 1985 totals just under 2.0 million tons, propped up by sizable P.L. 480 shipments in the coming months. [Janet Livezey (202) 786-1840 and Scott R. Reynolds (202) 786-1691]

Commodity Market Prices: Monthly Update

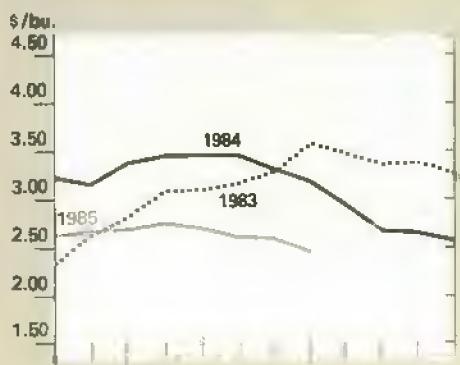
Choice steers¹



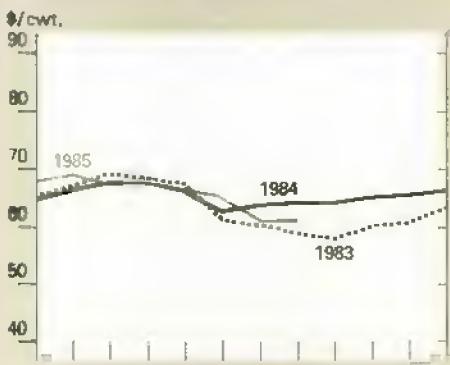
Broilers⁴



Corn⁶



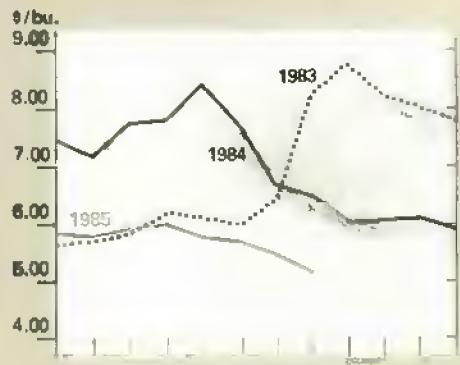
Choice feeder cattle²



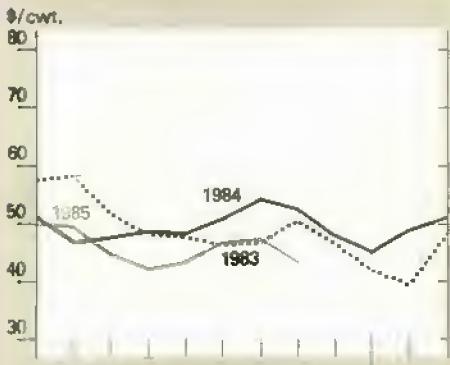
Eggs⁵



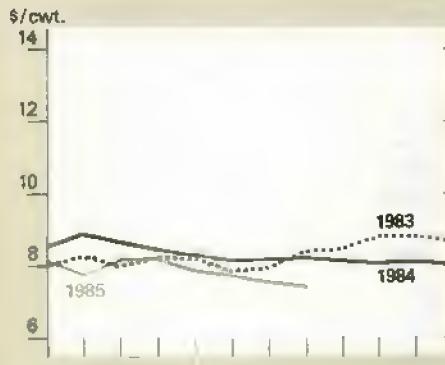
Soybeans⁷



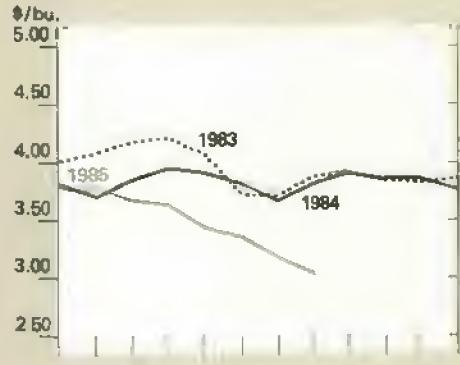
Barrows and gilts³



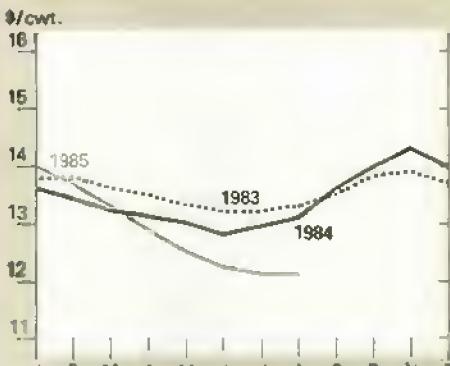
Rice (rough)



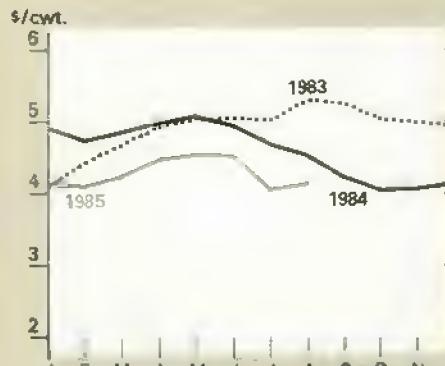
Wheat⁸



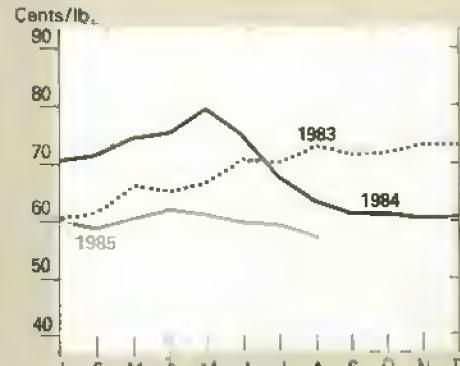
All milk



Sorghum grain



Cotton⁹



¹Omaha. ²600-700 lbs., Kansas City. ³7 markets.

⁴Wholesale, New York. ⁵Grade A Large, New York.

⁶No. 2 Yellow, Chicago. ⁷No. 1 Yellow, Chicago.

⁸No. 1 HRW, Kansas City.

⁹Average spot market, SLM 1-16.

COMMODITY SPOTLIGHT

Oats: Will Acreage Continue To Decline?

Oats have been grown on the Atlantic seaboard since colonial days, mainly in the North. They were the third most important crop after corn and wheat. As frontier settlers moved west, oats traveled with them. The crop provided food, feed and bedding for horses and other livestock.

The true value of oats is often underestimated. They can be used for pasture, forage, grain, and straw, or as a conservation crop. They do best in cool, moist climates and, except for rye, are the least soil-selective grain crop. Any well drained, reasonably fertile soil will do.

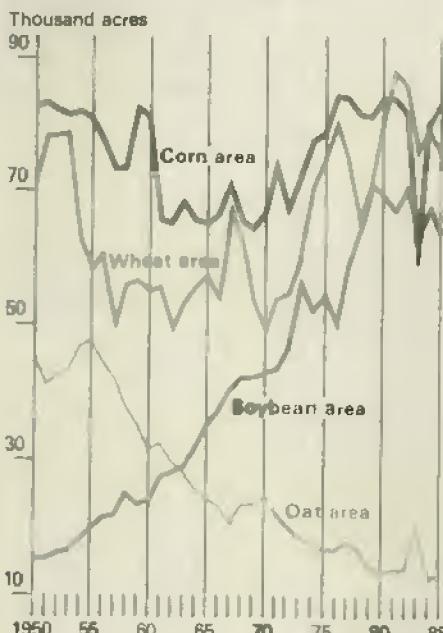
U.S. oats production has been steadily declining for three decades. Although yield per acre has trended upward by .68 bushels per year from 1950 to 1985, the number of acres harvested for grain has been slipping an average 873,000 per year. In 1985, 13.1 million acres of oats were planted, compared with around 47 million in the mid-fifties.

While oats are grown in nearly every State of the United States, they are presently concentrated in the North Central States and compete with barley and wheat for available acreage. Most of the oats grown in this area are harvested for grain. Pasture and forage use are concentrated in the South.

The automobile and tractor were partially responsible for the decline in oats acreage, because horses were the grain's major consumers in the first part of the century. Also, as farms specialized, the general crop and livestock farm gave way to cash grain farms, and crops such as corn and soybeans were generally more profitable than oats.

Only 87 percent of oat acreage is now harvested for grain, compared with 88 in 1950. The share for nongrain purposes has risen the most in the South, where oats provide pasture or forage during winter, when other feeds are unavailable locally and must be transported from feed surplus areas. Because of low planting costs, oats are often used in crop rotations to break up cycles of insects and diseases. While there has been an overall improvement in oats' agronomic potential and disease resistance throughout the United States, the development of

As Soybean Plantings Have Climbed, Oat Acreage Has Dropped



winter-hardy varieties has increased the importance of oats in the South.

Nearly all U.S. oats are consumed domestically. About 85 percent of total disappearance is fed to animals, with the rest going for food and seed and a small amount for exports. Most of the change in use has been in on-farm feeding. About 60 to 70 percent of the grain produced is consumed on the farm where grown. Sales constitute a minority of consumption because oats are lightweight and thus expensive to handle; many storage, transportation, and other marketing charges are based on volume. If oats are moved to other regions, it's probably because of their unique nutritional benefits rather than because of cost advantages.

Oats Fed to Dairy Cattle, Poultry
Oats are primarily fed to horses, milk cows, laying hens and pullets, and hogs. Horses and milk cows currently account for 70 percent of oats fed, compared with 54 percent in 1950. Today, a larger volume of oats is fed to dairy cattle and poultry than was fed to horses in 1920 (a peak year for the horse population).

The price of oats closely follows corn and is generally higher than other feed grains in terms of feed value. Thus, the substitutability of oats for other feed grains is reduced. Oats are often sold at a premium because they have special feed characteristics. In terms of feed value, a pound of oats has about 90 percent of the nutrient value

of a pound of corn and a bushel has about 60 percent.

Bulky and fibrous, oats are an excellent conditioning feed for horses and cattle, especially breeding stock. They form a loose mass in the stomach, while some grains, such as wheat, pack the stomach and cause digestive disorders. Oats have more protein than corn, but less energy value. Because of their lower energy content, they are not as good as corn in fattening animals.

New Varieties Have Increased Protein Content

Although oat groats contain the highest protein of all the major cereal crops, oilseed meals and grain byproduct feeds are more economical sources of protein. The rapid rise in soybean output since 1950 has significantly diminished the value of oats as a protein source in feed rations. Thus, oats are used mainly in rations where additional fiber is needed. Newer varieties, however, have increased protein content dramatically, and oats could regain their competitive edge in the future.

Food use of oats is relatively stable. Per capita consumption is about 3 to 4 pounds per year, much less than wheat's 120 pounds. Oats are mainly consumed as a breakfast food or snack product. The popularity of granola cereals and snacks, as well as instant oatmeal, has slightly more than offset the drop in consumption of old fashioned rolled oats.

Recent medical research has shown that certain fibrous plant materials in the diet can lower serum cholesterol concentrations. The fibers, however, must be water soluble. Oat bran is water soluble, whereas wheat bran is not. Water-soluble fibers have also been found to lower post-meal blood glucose levels in insulin-dependent diabetics.

Outlook: Slow Growth in Use as Food, Conservation Crop

Acreage planted to oats is expected to stabilize for the remainder of this decade, assuming no large-scale acreage reduction program. Feed use is expected to be stable, but food use may show some growth. With trend growth in yields, acreage requirements will not change much. Nongrain uses are most likely to stimulate demand for increased acreage, due to conservation concerns, land retirement programs, and increased awareness of oats' pasture and forage benefits. [Linwood Hoffman and Janet Livezey (202) 786-1840]

• Feed Grains

Feed grain ending stocks are projected to exceed 94 million metric tons next season, up 93 percent from 1984/85. Stocks will be bolstered by expected record crops of corn, sorghum, and barley, and a larger oat harvest. Total feed grain production in 1985 is forecast at 265 million tons, 29 million above last year. The feed grain supply for the 1985/86 marketing year is forecast at 314 million tons, about 46 million above a year earlier. As a result, prices have slid further. Price ranges for corn, sorghum, and barley dropped 5 cents a bushel, while the range for oats is down 15 cents.

Domestic corn disappearance during April and May was about 823 million bushels—206 million in food, seed, and industrial (FSI) uses, and 617 million in feed and residual uses. For 1984/85, feed and residual use is expected to reach 4,150 million bushels, implying that 706 million will be fed this summer, compared with 553 million a year earlier. Although wheat feeding is likely to be heavy this summer, wheat probably will replace more sorghum than corn, because much of the wheat is fed in sorghum-producing regions.

Corn FSI use through May was about 643 million bushels, up from 590 million a year earlier. The stepped-up use is expected to continue, with 422 million bushels projected for June-September. The forecast of FSI use for the year was recently raised to 1,065 million bushels, based on reports of increased shipments of high-fructose corn syrup during first-half 1985.

The area planted to corn this season (83 million acres) was relatively large, given the fact that 5 to 6 million acres were in conservation uses and some farmers were having severe financial problems at planting time. Corn area harvested for grain is forecast to climb to nearly 75 million acres. Yields are forecast at a record 113.3 bushels per harvested acre after a near-perfect planting and growing seasons. The harvest may approach a record 8.5 billion bushels. The 1985/86 corn supply is projected at 9.8 billion bushels, up from about 8.4 billion in 1984/85.

Heavy early-season Soviet buying has boosted U.S. corn exports this season to slightly under 1.9 billion bushels. However, prospects for an improved Soviet grain crop indicate this level is not probable next season. Corn exports are likely to continue their slide in 1985/86, falling to an estimated 1.6 billion bushels.

Most recent developments have been bearish for corn prices: large plantings, favorable growing conditions, forecast record yield and harvest, weaker export demand, and rising inventories. For the 1985/86 marketing year, corn prices are projected to range from \$2.35 to \$2.55 a bushel.

Both the U.S. inventory of hogs and pigs on June 1 and the July 1 cattle inventory were extremely low, indicating weaker feed demand by hog producers through next spring, and longer term weakness in demand by cattle feeders.

Global coarse grain production is forecast at a record 840 million tons, over 33 million above last year. Even though output will be record high, estimates have been moved down recently because of late-season harvest difficulties throughout Europe and reduced area in China.

Wet August weather in much of the European Community has slowed the harvest pace, and lodging and wet conditions are causing problems in the United Kingdom. Some modest yield increases are estimated in France and West Germany, but British barley production has suffered. Further, high moisture content has led to reports of sprouting, so quality may suffer. Eastern European coarse grain production (notably Polish and Czech) has also been hurt by too much rain and flooding during August. Yugoslavia, however, has the opposite problem—drought has reduced the corn crop considerably—and the reduced output has led to a continuation of a year-old ban on coarse grain exports and higher imports in Eastern European countries.

Grain area in China was reported down almost 3 percent, so estimates of China's coarse grain production have been cut 1 million tons (all corn). Nonetheless, 1985/86 Chinese coarse grain output will still be high compared with the early 1980's.

Global coarse grain trade in 1985/86, forecast under 94 million tons, will be down sharply from last season because of increased production among many importing countries. In addition, large exportable supplies among the major foreign exporters continue to intensify competition. U.S. trade prospects for the year remain dim and indicate a decline of over 6 million tons—largely the result of smaller anticipated Soviet purchases. [David Hull (202) 786-1840 and James Cole (202) 786-1691]

• Oilseeds

Soybean prices fell to about \$5 a bushel in September—the lowest since May 1976. The soybean oil price drop was more dramatic. Soybean oil prices began July at 30 cents a pound and by September 9 had slipped to 22.3 cents. But soybean meal prices continue to rise, going from \$107-\$109 a ton in early July to \$128 by mid-September.

In September, USDA estimated the 1985 U.S. soybean crop at nearly 2,063 million bushels. Yields were projected to be a record—33.2 bushels per acre. Since growing conditions have been good, production may exceed estimates. The prospect of abundant supplies has hurt prices.

Throughout 1984/85, soybean oil prices were high, stimulating crush for oil, while soybean meal stocks rose to unprecedented levels. Competition from tree oils, along with the lagged effect of relatively high U.S. oil prices, may limit U.S. soybean oil exports in 1985/86.

The free fall in soybean meal prices has ended. Exports for May-July were ahead of year-earlier levels, and meal exports for the year could total 4.8 million tons. Although meal prices have leveled off, they are still exceptionally low compared with recent years.

Prices in the soybean complex will be low and harvest prices for the 1985 crop could be at or below the \$5.02 loan level. Stocks held by CCC under loan could dampen prices well into the 1985/86 marketing year.

Worldwide, record oilseed production is expected for 1985/86, 4.3 percent above 1984/85. All the major oilseeds will increase except cottonseed. Cottonseed output is expected to drop mostly because of the large reduction of cotton area in China.

World imports of soybeans and soybean meal will rise only slightly in 1985/86 because of slow growth in livestock and abundant alternative feedstuffs. Therefore, the level of U.S. soybean exports will depend heavily on competitors' supplies and exports. Still, the United States is expected to recapture some of the market lost to competitors, as well as pick up the increase in world demand. Based on current foreign production projections, foreign exports are forecast down nearly 1 million tons. However, much uncertainty surrounds the estimate of Brazil's 1985/86 soybean crop because of conflicting Government policies. Production financing appears to favor rice and corn, but minimum guaranteed prices seem better for soybeans.

The disparity between foreign and U.S. vegetable oil prices may ease somewhat. World prices have already declined sharply, but U.S. prices may remain above world prices. Palm oil prices have tumbled in the past few months because of rising palm oil output and some slowdown in demand.

If growth in demand continues sluggish and Malaysia's production gains, stocks of palm oil could rise significantly, further depressing world prices for vegetable oil. This may signal a turnaround in the vegetable oil market from the nearly depleted supplies of the past 2 years.

Strong demand for oil in the United States combined with ample foreign oil supplies will limit U.S. soybean oil exports. Better-than-expected exports, based on end-of-season P.L. 480 shipments, have increased 1984/85 U.S. soybean oil exports to 771,000 tons. (Roger Hoskin (202) 786-1840 and Jan Lipson (202) 786-1691)

• Cotton

The potential for record yields is raising estimates of net cotton farm income from the 1985/86 crop. As of September 1, U.S. upland cotton farms were forecast to harvest an average of 631 pounds per acre, or 13.5 million bales. With lint prices supported by the loan rate, the 1985/86 upland cotton harvest, including seed, could have a value of about \$4 billion. Government deficiency and diversion payments may equal about \$1 billion, for a total of \$5 billion in gross revenue to cotton farmers.

Costs of production per planted acre, including capital replacement, land, and labor, are estimated at about \$460, and 1985 planted acreage is estimated at 10.7 million. Full costs of compliance with conserving use requirements, including interest, insurance, and capital replacement, are estimated at about \$60 per acre, and diverted acreage is estimated at 3.6 million. Thus, the cost of producing the 1985/86 upland cotton crop could total \$5.4 billion—leaving a deficit of about \$400 million. Chances are two out of three that 1985 upland cotton production will total between 12.5 and 14.5 million bales. Each 100,000-bale change from the current production estimate will add or subtract about \$30 million from net cotton farm income.

Mill use during 1984/85 reached 5.5 million bales—about 200,000 higher than earlier forecast. The forecast error resulted from a revision to census data, and also from stronger-than-expected improvement in cotton's textile market share. Mill use was still off 400,000 bales from 1983/84, but the strong showing late last season is reason to hope that mill use this season may fall only a little from 1984/85. With rising textile imports, mill use is now forecast at about 5.4 million bales for 1985/86.

U.S. cotton exports reached 6.2 million bales in 1984/85 because of strong early-season sales. Shipments during April-July 1985 weakened considerably, and exports in 1985/86 are forecast at 4 million bales. During August, the ratio of foreign cotton prices to U.S. cotton prices in Northern Europe averaged 0.83—indicating that U.S. exports as a share of foreign mill use may drop below 6 percent. U.S. cotton exports are usually about 10 percent of foreign consumption.

Despite burgeoning supplies and relatively weak world demand, cotton remains a favorite crop of many foreign producers. Area harvested in 1985/86 is forecast to be near 29 million hectares, down only slightly from 30.5 million in 1984/85. About 60 percent of the foreign area decline was in China and 20 percent in Pakistan. As long as prices to foreign producers and incentives from foreign governments remain favorable towards cotton production, large shifts to competing crops will not occur.

Although foreign production is forecast to decline to 66 million bales, almost 6.2 million of the drop will come from China alone. Other foreign growers may decrease output in total by less than 800,000 bales. There are several reasons behind this. Cotton is often one of the few cash crops available to farmers and as such is important to the local economy. Cotton is also a crucial foreign exchange earner for nations such as Sudan, which has exported over 93 percent of its total raw cotton outturn since 1970. These export receipts are in turn used to buy fuel, food grains, and agricultural inputs. Finally, the cotton textile sector in many developing nations leads the process of industrialization.

Foreign mill use should continue its climb in 1985/86, with the estimate at 66.2 million bales, up 2.8 percent. The steady growth in cotton consumption is occurring mainly in the cotton-rich countries where textile exports are a large percentage of total exports. Textile exports in China account for 17 percent of total exports by value; in India, 31 percent; in Pakistan, 46; and in Turkey, 19.

U.S. export competitors may increase their shipments to over 16 million bales in 1985/86, with total world trade exceeding 20 million bales. The value of cotton exports as a percentage of total agricultural trade will remain high for several major exporters: the USSR, Pakistan, Egypt, and China. The importance of cotton trade to these exporters reinforces the competitive nature of this year's trade scenario.

Excluding China's enormous stocks, foreign ending stocks in 1985/86 are projected to decrease by over 600,000 bales to 16.8 million. However, this is still 2.6 million above holdings in 1983/84. China's stocks, forecast at 22 million bales by the end of the current year, are a burden on world prices.

However, the composition of these stocks, the adequacy of China's storage and handling facilities, and the proportion that is waste remain mysteries.

[Terry Townsend (202) 786-1840 and Richard Cantor (202) 786-1691]

• Tobacco

As of September 1, U.S. tobacco output was forecast at 1.53 billion pounds (687,000 metric tons), 12 percent below 1984. Acreage is lower but yields are about unchanged. Growing conditions were not as good as a year earlier, so leaf quality is down. This, combined with large supplies, caused prices at flue-cured auctions to average somewhat lower than last season.

The tobacco supply for 1985/86 is forecast to decline about 3 percent to 5.33 billion pounds (2.4 million tons), with flue-cured accounting for most of the drop. Burley supplies are about unchanged. Total tobacco stocks going into the new marketing year (July 1 for flue-cured and cigar-wrapper types, October 1 for all other types) will likely come to 3.8 billion pounds, about 1 percent higher than a year earlier.

Based on State estimates, the 1985 flue-cured crop totals 796 million pounds (364,000 metric tons), down 8 percent from last year. However, beginning stocks on July 1 were down only 4 percent. The total supply is 2.87 billion pounds (1.3 million tons), about 5 percent below last year, but ample at over 3 years' use. During 1984/85, both exports and domestic use rose. This season, use may decline from last year's 935 million pounds. Both domestic use and exports may fall. Carryover may decline another 5 or 6 percent.

By September 12, growers had sold about half of anticipated marketings this season, with 23 percent of the volume going under loan. Even though the crop is smaller, prices are lower because of reduced effective price supports and large supplies. Sales through September 11 averaged \$1.64 a pound, about 8 percent below last year. With production lower also, cash receipts will go down significantly.

This year's burley crop is expected to fall 16 percent from 1984's large crop. Because of the big 1984 crop, ending stocks on September 30 are projected about 9 percent higher than last year. The 1985/86 supply will be about the same as last year, representing about 3.7 years' use and providing more than ample stocks. Larger crops are also forecast for Maryland, fire-cured, dark air-cured, and cigar types. [Verner N. Grise (202) 786-1840]

• Peanuts

Domestic edible use of peanuts in 1984/85 was reported at 2,109 million pounds (farmers' stock basis), 4 percent above a year earlier but lower than early-season expectations. Use as roasting stocks increased over 20 percent largely because of a return to more normal yields in Virginia and North Carolina from the weather-induced lows in 1983. These two States traditionally grow Virginia-type peanuts, which make up the bulk of peanuts used as roasting stocks.

Domestic edible use in primary products increased a little over 2 percent from last year. Use increased about 4 percent for peanut butter, which accounts for over half of the primary products (excluding roasting stocks). Use in salted peanuts and peanut butter sandwiches was up slightly, but that for peanut candy declined a little.

Even with disappearance up from a year earlier, carryout stocks for 1984/85 were reported at a record-high 1.4 billion pounds, over twice as large as a year earlier. Harvested acres are expected to be down about 4 percent in 1985, but with the large carryin and expected high yields for the second year in a row, total supplies for 1985/86 will again reach a record level—an estimated 5.7 billion pounds. [Duane Hacklander (202) 786-1840]

• Fruit

Smaller supplies and stable demand will keep fruit prices relatively high this fall. The September 1 forecast for 1985 noncitrus production is 12.6 million tons, off fractionally from last year. Apple and pear crops are down 3 and 5 percent, respectively, but supplies of table grapes will be 16 percent larger, based on September 1 conditions. The 1985/86 citrus crop probably will be small because of freeze damage in Florida and Texas in 1983 and again early this year.

Supplies of most canned fruit are likely to increase because of a larger carryin. However, demand has been sluggish and resulting weak prices are forcing canners to offer promotional allowances to stimulate sales. Despite this situation, prices of most canned fruit will remain relatively high because of generally increased fruit costs.

Supplies of dried fruit will continue ample this season. Raisin production is likely to be up from last year, and with record stocks, supplies should be substantial. Demand has been strong and raisin prices may go up somewhat. Despite a smaller crop, the total supply of prunes in 1985/86 will be larger than last season because carryin is greater. Prune prices are not expected to rise appreciably.

Strawberry deliveries to freezers will probably be near last year. Larger stocks should ensure adequate supplies of frozen berries this year. A large crop and increased carryin stocks will result in heavy supplies of frozen tart cherries. For most processing fruit, the prices processors are offering growers are close to last year, and retail prices for frozen fruit and berries are expected to hold steady through the season.

Smaller citrus fruit supplies this season boosted average prices for fresh and processed products well above 1983/84 figures. However, an increased juice yield left the 1984/85 pack of frozen concentrated orange juice (FCOJ) only slightly below 1983/84. Additionally, a larger carryin coupled with increased imports brought this season's FCOJ supply moderately above year-ago levels. Higher prices have slowed movement. Slower sales, combined with a price reduction for Brazilian orange juice, have weakened f.o.b. Florida cannery prices. If sales do not improve substantially, carryover is likely to be well above last season.

Tree nut supplies should be ample. Although the almond crop will be smaller, demand does not look sufficient to absorb a large carryin and production increases in Italy and Spain. Therefore, lower prices are indicated this season. Export prospects for walnuts will continue to brighten with the decline in France's production. Thus, walnut prices may remain relatively firm. The pecan crop is estimated to be 13 percent larger than last year, while the filbert crop is forecast to be a record—79 percent above 1984. [Ben Huang (202) 768-1767]

• Vegetables

Preparation of fall vegetable acreage continued on schedule throughout August. Florida and Texas growers were laying plastic and transplanting tomatoes and green peppers for fall production. California growers planted fall melons in the Palo Verde Valley.

Growing conditions for fall onions are good in most areas. Yields should be favorable and output large. USDA's 1985 onion production estimate is 43.3 million cwt, down 1 percent from last season. The 1985 storage production rose 3 percent over 1984 to 24.3 million cwt, which was 20 percent over 1983's. Prices are below last season's strong level, and large supplies will likely stay in storage through the end of the 1985/86.

Asparagus production for 1985 is estimated at 2.04 million cwt, 10 percent over last season. This increased output is largely due to a 9-percent increase in average yields. New Jersey,

fourth in production, showed the greatest yield gains, 26 percent. California and Washington, first and second in output, both increased output around 12 percent, while Michigan and Illinois, third and fifth, did not expand acreage this year.

Mushroom production in 1985 grew 6 percent over 1984 and 21 percent over 1983, to 596 million pounds. However, Pennsylvania, which marketed 46 percent of domestically produced mushrooms in 1984, dropped production 2 percent to 275 million pounds. Output gained sharply in Michigan and 24 other minor mushroom-producing States. The moderate increase in overall volume of production was accompanied by a 1-percent increase in value last year.

Tomato processors contracted 7.11 million tons in 1985, down 6 percent from last year. Yields are expected to rise slightly, to 27 tons per acre. California, the leading production State, dropped acreage 10 percent this year, as did most of the other States. However, some States producing smaller amounts, such as Delaware and Maryland, are expanding their acreage.

Processing tomato harvest in California is mostly over, with some activity in Sacramento and northern San Joaquin Valley. Estimated deliveries to California canners through September 7 came to 4.7 million tons, indicating California's total tonnage will be about 6.1 million. Lower total production of canned tomato products will offset larger carryin stocks to reduce the surplus that dampened prices during the 1984/85 season. Because of lower prices, these large supplies are helping to slow the pace of tomato paste imports. Forecast lighter supplies of tomato puree and ketchup will likely help boost prices during the upcoming season.

Snap bean processors harvested 10 percent more acreage in 1985. Yields are expected to rise 1 percent to 3.1 tons per acre, and production is estimated to rise to 679,020 tons. Supplies of canned green and wax beans on May 1, at 54.9 million cases of 24/303's, were above last season, but they are still well below the average for recent years. Wholesale prices remained strong as processors decided to contract above-average supplies. The frozen green bean pack, estimated at about 290 million pounds, plus carry-over of about 76 million pounds, will increase the 1985/86 supply to 366 million.

Sweetpotato growers expanded planted area only minimally this year, to 108,900 acres. Based on an average of the past 3 years, harvested area will be around 105,900 acres, 2 percent above 1984. North Carolina, the major State that grows fresh-market sweetpotatoes, expanded area 5 percent, while Louisiana, the major sweetpotato processing State, dropped acreage 4 percent. Production this season will likely be around 14 million cwt, 9 percent above last season. [Shannon Reid Hamm (202) 786-1767]

• Sugar

World sugar prices (f.o.b. Caribbean, contract No. 11) eased in the second half of August, after rising rapidly in late July and early August. Prices averaged 4.35 cents a pound for August, up 38 percent from July and 59 percent from June. There is still an oversupply of sugar in the world market. Even with a possible drawdown in stocks in the 1985/86 season, it will be a long time before world prices can even approach the cost of production.

The retail price of sugar in the United States rose to 35.2 cents a pound in July, after falling to 34.8 in June, the lowest in over 2 years. For the first 7 months of 1985, retail prices averaged 35.5 cents, off 2 percent from the same period in 1984.

The consumer price indexes for seven cereal and bakery items containing sugar were 4.4 percent higher in the first 7 months of 1985 than for the same period a year earlier. The CPI's for seven miscellaneous sugar-containing products averaged 2.8 percent more during the same period than a year earlier. Prices increased the

most for cereal, up 5.5 percent, while prices for other carbonated drinks showed a year-over-year decrease of 0.9 percent.

U.S. sugar production in 1985/86 is forecast at 5.950 million tons, raw value, a 3-percent climb from 1984/85. Most of this increase will come from higher cane sugar production in Louisiana, where output is projected to be up 22 percent from the freeze-damaged crop of 1984/85. Production will also rise 11 percent in Texas, but output is estimated to be lower in Hawaii and Florida. Beet sugar production is forecast to be up slightly, as larger acreage in several States more than offset no plantings in Kansas and very little acreage in Colorado.

Sugar stocks held by primary distributors on July 1 were 2.685 million short tons, raw value, an increase of 16 percent from 1984. Stocks held by mainland sugarcane processors almost doubled to 465,000 tons. Also, CCC is now holding 118,000 tons of sugar, raw value, whereas it held none in 1984.

In late July, sugar crop loans were extended to September 30. They cannot by law be extended further because they must mature in the same fiscal year they are made. As of September 13, beet processors held loans from CCC covering 135,000 tons of refined sugar and cane processors held loans covering 419,142 tons of raw.

Despite lower wholesale prices and stable retail prices, sugar deliveries continue to slip. Over the first 6 months of 1985, deliveries fell 12 percent from first-half 1984. While deliveries to the beverage industry were down 60 percent, deliveries to the cereal and bakery industry were up 6.7 percent and to the dairy industry up 9.4 percent. By fourth-quarter 1985 or early 1986, sugar use in the beverage industry should begin to stabilize; most manufacturers that can switch to high fructose corn syrup will have done so.

Deliveries of sugar to nonindustrial users increased 1.2 percent over a year earlier. Nonindustrial users took approximately 40 percent of total deliveries for the first half of this year. [David Harvey (202) 786-1769]



Farm Income Update

1985 FORECAST

With both net cash income and net farm income expected to decline, the 1985 U.S. farm economy will probably continue sluggish. Commodity prices are forecast to drop, leaving total cash receipts well below 1984. Crop cash receipts should come near last year, as lower prices just offset increased production. Livestock receipts, however, are expected to fall well short of 1984.

Although PIK disbursements ended earlier this year, total direct Government payments could approach 1984 levels. Cash payments are expected to show a dramatic increase, partly because of advanced deficiency payments for 1985 crops. A decline in gross cash income should be tempered somewhat by lower production expenses. Net cash income is forecast to fall to between \$35 and \$40 billion, following 1984's \$39.2 billion. In constant (1972) dollars, net cash income is expected to total \$15 to \$17 billion, down from last year's \$17.5 billion.

Net Farm Income Off

Net farm income for 1985 is forecast at \$23 to \$27 billion, compared with \$34.5 billion in 1984. Deflated net farm income (\$1972) should range between \$10 and \$12 billion, compared with \$15.5 billion last year. Part of the drop can be attributed to an anticipated decline in livestock receipts and inventories. Net cash flow, the cash available for business operation, real estate purchases, and household consumption, will likely also continue to fall.

Cash Receipts Down 1 to 4 Percent
Cash receipts in 1985 are forecast to be 1 to 4 percent below 1984. Receipts in 1984 were up 4 percent from the year before, to \$141.8 billion. Crop receipts will probably remain at or just below 1984 because of lower commodity prices. Lower prices during the third and fourth quarters could lead to wider use of CCC loans, which are forecast to account for \$4 to \$7 billion (6 to 10 percent) of total crop receipts. By contrast, in 1983 and 1984, loan repayments exceeded new loans, leaving net CCC loan values at minus \$0.8 billion and minus \$0.7 billion, respectively. If large production and lower export volume continue, fourth-quarter net CCC loan activity could approach that of the last quarter of 1982, when over \$6 billion in commodity loans were placed.

Food grain cash receipts are expected to decline somewhat, as a significant drop in rice receipts accompanies a small decrease in wheat. Average calendar year prices for both wheat and rice will probably drop. Through the end of August, about 17 percent of the 1985 wheat crop was placed under loan.

Corn Receipts May Rise a Tenth

Cash receipts for feed grains and hay are forecast to rise somewhat, spurred by higher corn receipts. An expected record corn crop should keep prices well below 1984. However, slightly higher marketings and strong use of CCC loans will boost corn receipts by just under a tenth, while receipts for hay, barley, and oats will slip a little.

Lower prices will likely be the major factor in an expected decline in oil crop receipts, with soybeans, peanuts, and other oil crops all registering declines. The downturn in prices may result in substantial loan placements by soybean producers this winter.

Cotton receipts are expected to gain more than a tenth from the \$3.4 billion of 1984, as lower prices are offset by higher marketings and net CCC loan activity. With export volume declining, CCC loan placements will become an important source of cash to cotton farmers.

Farm Income and Cash Flow

Item	1981R	1982R	1983R	1984	1985F
Billion dollars					
Farm Income sources:					
1. Cash receipts	142.1	142.9	136.3	141.8	136-140
Crops 1/	72.9	72.7	66.8	69.1	67-71
Livestock	69.2	70.3	69.4	72.7	67-71
Cash Government payments	1.9	3.5	4.1	4.0	5-9
Value of PIK commodities	0.0	0.0	5.2	4.5	0
2. Direct Government payments	1.9	3.5	9.3	8.4	5-9
3. Farm-related income 2/	2.5	2.6	2.5	2.9	2-4
4. Gross cash income (1+2+3) 3/	146.5	149.0	148.1	153.3	147-152
5. Nonmoney income 4/	13.7	14.0	13.1	12.9	11-13
6. Realized gross income (4+5)	160.2	163.0	161.2	166.1	158-163
7. Value of inventory change	5.8	-1.4	-10.6	7.8	-2 to 2
8. Total gross income (6+7)	166.0	161.6	150.6	174.0	158-163
Production expenses:					
9. Cash expenses 5/ 6/	110.7	110.7	109.8	114.1	109-113
10. Total expenses	136.1	136.9	135.6	139.5	133-137
Income statement:					
Net cash income 1/ 6/					
11. Nominal (4-9)	35.8	38.3	38.3	39.2	35-40
Deflated (1972\$) 7/	18.3	18.5	17.8	17.5	15-17
Net farm income: 1/					
12. Nominal total net (8-10)	29.8	24.6	15.0	34.5	23-27
Deflated total net (1972\$) 7/	15.3	11.9	7.0	15.5	10-12
Deflated total net (1967\$) 8/	11.0	8.5	5.0	11.1	7-9
13. Off-farm income	36.9	37.9	38.8	40.0	39-43
Other sources and uses of funds:					
14. Change in loans outstanding 6/	15.6	7.3	3.5	-1.5	-3 to 1
Real estate	9.3	4.0	2.5	-0.8	-3 to 1
Non-real estate 9/	6.2	3.3	1.0	-0.7	-2 to 2
15. Rental income	5.8	5.7	4.6	5.4	4-6
16. Gross cash flow (11+14+15)	57.1	50.9	46.3	43.1	39-44
17. Capital expenditures 6/	16.8	13.7	13.0	12.5	10-14
18. Net cash flow 1/ 6/ (16-17)	40.3	37.6	33.3	30.7	28-33

Rervised. F=Forecast as of 09/3/85. 1/ Includes net CCC loans.
 2/ Income from custom work, machine hire, farm recreational activity, sales of forest products, and other misc. sources. 3/ Numbers in parentheses indicate the combination of items required to calculate a given item.
 4/ Value of home consumption of farm products and imputed rental value of farm dwellings. 5/ Excludes depreciation and perquisites to hired labor.
 6/ Excludes farm households. 7/ Deflated by the GNP implicit price deflator. 8/ Deflated by the CPI-U. 9/ Excludes CCC loans. Totals may not add up to exact totals because of rounding.

Despite Higher Prices, Tobacco Receipts Falling

Tobacco receipts are forecast to fall because sales volume will decline, offsetting a slight price increase. Lower prices for fruits and nuts should bring receipts down slightly from 1984. Vegetable receipts are likely to show little or no change, as higher production balances lower prices.

Lower livestock prices are expected to lead to a 2- to 6-percent decline in livestock receipts, as dairy, veal, and lamb show the only gains. Red meat receipts should fall off because of declining cattle and hog prices. This will likely be the third consecutive year of declining hog receipts.

Cash receipts for poultry and eggs are forecast to show the sharpest drop among livestock commodities, because of lower prices for both. Egg receipts are expected to decline about a fifth and broiler receipts nearly a tenth. Dairy marketings should be up this year, since the diversion program has ended. Higher marketings will offset lower prices caused in part by reduced milk price supports.

Prices Paid May Show

First Decline in 30 Years

Prices paid by farmers for all items are expected to be unchanged to slightly lower in 1985, following a 3-percent rise in 1984. This could be the first year since 1955 that prices paid for all inputs decline. Farm-origin items, especially feed, are expected to decline the most, while nonfarm origin items remain at or near the 1984 level.

Feed prices should continue to tumble in 1985 because of large supplies. Lower feed prices and reduced cattle supplies should push up feeder cattle prices. Seed prices are not expected to change much from 1984.

Fuel and energy prices are forecast to level off in 1985, following several years of decline. Fertilizer prices should fall somewhat, while machinery, services, and wage rates register slight increases.

Prices Received Are Lower For Most Commodities

Prices received by farmers in 1985 are projected to fall more than prices paid. All major commodity groups except tobacco are expected to show price declines. Crop prices are forecast to fall a tenth. Prices for oil crops, especially soybeans, should post the sharpest decline. Soybean prices fell to about \$5 a bushel in September. The feed grain and hay average price index is also projected to decline considerably, because poor export demand and rising stock levels continue to drive down corn prices. Food grain prices are expected to average nearly a tenth below their low 1984 levels, as both wheat and rice prices hover near the loan rate.

Livestock prices should fall 5 to 7 percent this year, with only veal and lamb prices likely to rise. Broiler and turkey prices are expected to show slight drops, but the most dramatic decline should occur in egg prices, which peaked last year in response to avian flu.

Total Expenses and Cash Expenses Both Slipping Slightly

Total farm production expenses for 1985 are currently forecast to fall 1 to 3 percent, following the 3-percent rise of 1984. The amount of inputs used is expected to be down, partly because slightly fewer acres were planted. Currently, total expenses are forecast to range from \$133 to \$137 billion, and cash expenses, from \$109 to \$113 billion. In 1984, total expenses amounted to \$139.5 billion and cash expenses to \$114.0 billion.

Because of continued softening in feed prices, outlays for farm-origin items (feed, feeder livestock, and seed) should decline 2 to 6 percent from 1984. Feed expenses are expected to decline 6 to 10 percent, while expenditures for feeder livestock and seed fall slightly.

Expenses for manufactured inputs (fertilizer and lime, fuels, pesticides, and electricity) are forecast to slip 1 to 4 percent, following an 8-percent rise in 1984. Total fertilizer and pesticide expenses should fall slightly because less area was planted and prices paid for these items are declining. Fuel expenses should be near or just below 1984, and electricity expenses up somewhat.

Total interest expenses are forecast to fall 3 to 7 percent, making 1985 the third consecutive year of decline.

Non-real estate interest expenses—which include interest on operating machinery and on CCC commodity loans—should go down, as farmers and lenders remain wary of new debt and interest rates fall. Farmers likely financed more of their 1985 operations from internally generated funds.

Average outstanding debt is expected to be off slightly, in spite of substantially higher anticipated CCC loan activity. Average interest rates on outstanding loans should fall below those of 1984, as market rates decline.

Depreciation expenses are expected to drop 2 to 5 percent in 1985, since capi-

tal expenditures are going down for the sixth consecutive year (depreciation in the farm income calculations is currently based on replacement value). Depreciation expenses fell 2 percent in 1984, and 1985 could be the third straight year of decline.

Government Payments Soaring

Preliminary estimates indicate that direct cash Government payments through June totaled more than \$5.8 billion, far surpassing the previous record of \$4.1 billion for all of 1983. Nearly half of the total through June consists of feed grain deficiency payments, with the majority of these earned on 1984 corn and sorghum crops. Advanced feed grain deficiency payments on 1985 crops also contributed significantly to the total, outweighing repayments of unearned advances on the 1983 crop.

Cotton farmers received nearly \$1 billion in deficiency and diversion payments through June for 1984 and 1985 crops. Wheat and rice farmers collected about \$800 million and \$500 million, respectively, for advanced deficiency payments on 1985 crops. Wool Act disbursements totaled nearly \$100 million. Payment activity is expected to pick up during the fourth quarter, when wheat deficiency payments for the 1985 crop will likely surpass \$1 billion. [Matt Rea and Gary Lucier (202) 786-1807]

Upcoming Crop Reporting Board Releases

The following list gives the release dates of the major Crop Reporting Board reports that will be issued by the time the November *Agricultural Outlook* comes off press.

October

- | | |
|----|----------------------------|
| 1 | Poultry Slaughter |
| 3 | Dairy Products |
| 4 | Celery |
| 9 | Vegetables |
| 10 | Crop Production |
| | Soybean Stocks |
| 11 | Turkey Hatchery |
| 16 | Milk Production |
| 21 | Catfish |
| 22 | Eggs, Chickens, & Turkeys |
| 24 | Peanut Stocks & Processing |
| 25 | Livestock Slaughter |
| | Cattle on Feed |
| | Cold Storage |
| 30 | Egg Products |
| 31 | Agricultural Prices |



World Agriculture and Trade

WORLD EXPORT FORECASTS BY REGION

U.S. farm product exports in fiscal 1985 were forecast in mid-August at \$32 billion, nearly 16 percent below 1984. Volume is forecast at 129 million tons, 10 percent below last year.

The value of U.S. agricultural exports in the first 9 months of fiscal 1985 was 14 percent below a year earlier, and no significant improvement is expected. Despite lower U.S. prices, demand for feedstuffs in major U.S. markets has grown only slowly, and many importers' own supplies are also high. Moreover, competition has been heightened by competitors' large exportable supplies and their willingness and ability to undercut U.S. prices. The situation has been exacerbated by this year's appearance of former importers as net exporters, including China and the European Community in coarse grains, and India in wheat.

Agricultural imports into the United States are expected to reach \$20 billion, up \$500 million from the May estimate. Imports of fruit and fruit juices and cocoa and products have been stronger than expected, accounting for most of the rise. Increased imports will leave the agricultural trade surplus at \$12 billion.

U.S. Agricultural Exports: Value by Commodity, 1984-85*

Commodity	October-June 1983/84	1984/85	Fiscal 1984	Fiscal 1985 forecast
--Billion dollars--				
Grains & feed	13.015	11.107	17.434	14.3
Wheat & flour	4.572	3.556	6.738	4.9
Rice	.666	.490	.897	.7
Coarse grains 1/	6.535	5.891	8.216	7.2
Corn 2/	5.633	4.988	7.023	6.1
Oilseeds & products	7.606	5.431	8.774	6.3
Soybeans	5.045	3.421	5.734	3.9
Soybean cake & meal	1.035	.657	1.181	.8
Soybean oil	.490	.437	.633	.5
Livestock & products	2.579	2.532	3.460	3.3
Poultry & products	.308	.296	.413	.4
Dairy products	.272	.306	.397	.4
Horticultural products	1.985	1.976	2.606	2.6
Tobacco	1.216	1.305	1.433	1.5
Cotton & linters	1.978	1.750	2.405	2.0
Seeds	.258	.282	.320	.4
Sugar & tropical products	.620	.592	.789	.8
Total	29.837	25.520	38.031	32.0

U.S. Agricultural Exports: Volume by Commodity, 1984-85*

Commodity	October-June 1983/84	1984/85	Fiscal 1984	Fiscal 1985 forecast
-- Million metric tons --				
Wheat	27.488	22.454	41.700	30.5
Wheat flour	.940	.630	1.075	.9
Coarse grains 1/	43.856	46.692	55.546	57.2
Corn 2/	37.575	39.514	46.986	48.5
Feeds, ingreds. & fodders	5.273	4.839	6.845	6.5
Rice	1.673	1.401	2.293	2.0
Soybeans	16.848	14.525	19.265	16.6
Soybean cake & meal	4.197	3.449	4.862	4.3
Soybean oil	.661	.596	.828	.7
Sunflowerseed oil	.930	.895	.995	1.0
Sunflowerseed oil	.182	.116	.188	.1
Other oilcakes & meals	.169	.122	.198	.1
Beef, pork & variety meats	.294	.293	.394	.4
Poultry meat	.162	.176	.226	.2
Animal fats	1.041	.888	1.379	1.1
Tobacco	.192	.210	.227	.2
Cotton & linters	1.254	1.164	1.509	1.3
Horticultural products	2.246	2.085	2.853	2.7
Other	2.469	2.727	3.191	3.2
Total	109.875	103.262	143.574	129.0

1/ Includes corn, oats, barley, sorghum, rye, and products. 2/ Excludes products. * As of August 12, 1985.

Western Europe's Higher Output Squeezes Imports

Among regions of the world, the largest export decline is likely in shipments to Western Europe. Export value for the first 9 months was nearly \$2 billion lower than for the same period last year, and value is expected to continue to lose ground. While lower export prices and comparatively sluggish European growth rates are factors, increased agricultural production there has played the largest role.

Last year's excellent weather in Western Europe led to a 37-million-ton increase in grain production. EC wheat stocks subsequently almost doubled, and the Community became a net exporter of coarse grains in fiscal 1985. U.S. feed grain export prospects in Portugal were dampened by increased imports of manioc for feed and the end of Government subsidies to livestock producers for purchase of coarse grains.

Demand for feed ingredient imports also suffered from the EC's dairy reduction program. The program was implemented in the spring of 1984 and further production cuts are called for in 1985/86. The program has led to reduced milk output and a large increase in cattle slaughter. In addition, the lack of Western European sales of soybean meal to the Soviet Union this year, increased wheat feeding, and record EC oilseed production have held soybean demand to a modest increase. This increase was more than offset by near-record oilseed exports from South America to Western Europe. Thus, U.S. soybean sales are expected to decline from 1984/85's already reduced amount.

Dollar Reached 12-Year High in March

Although the dollar has fallen since March 1985 and may average only slightly above its 1984 foreign exchange value, it reached 12-year highs against European currencies in the first half of the fiscal year. Export volume is typically larger during the first half of each fiscal year (October-March), and the dollar's rise during this period had a greater dampening effect on export sales than if it had occurred later.

Competition Cuts Sales to Japan

Since March, the dollar has also fallen against Japan's yen. However, the value of U.S. farm exports to Japan is expected to be down more than \$1 billion because of lower prices and a slight decline in the U.S. share of Japan's agricultural imports.

Despite Japan's strong economic growth, livestock production and feedstuff import demand are expected to increase only modestly in 1984/85. Growth in formula feed production in the first half of 1985 was around 1 percent, less than half the rate a year earlier. As a result, Japan's feed grain and soybean imports have fallen slightly, and a dramatic gain in corn imports from China has cut into U.S. sales. In addition, Thailand's exports of manioc to Japan and other Asian buyers have risen this year, as Thailand seeks alternatives to the increasingly restricted EC market.

U.S. soybean exports to Japan have suffered not only from sluggish feed consumption, but also from substitution of fish and rapeseed meals and from strong South American competition. Thus, U.S. soybean export volume to Japan is expected to remain near 1984's depressed 4.2 million tons, despite a 22-percent reduction in average export price.

Japan's purchases of U.S. cotton are likely to be substantially lower this year than last. One reason is that growing yarn imports into Japan have slowed the country's raw cotton use. In addition, U.S. prices are well above comparable foreign styles, even when accounting for the premium normally given for U.S. cotton's high quality.

Shipments to Canada Sluggish

A small decline is forecast in farm exports to Canada for fiscal 1985, as increased feed grain shipments fail to offset lower horticultural product exports. While Canadian economic growth has been stronger than that in the EC, unemployment has been comparably high and consumption restrained. Growth has also slowed in 1985 as total export opportunities to the United States have gained more slowly. In addition, high U.S. fruit prices may be discouraging Canadian purchases, and strong vegetable production in Canada last summer helped cut imports.

Grain Exports to USSR Likely To Set Record

In marked contrast to other customers, the Soviet Union is expected to take more U.S. farm exports this year. Export value will reach a record in fiscal 1985 for the second year in a row, following last year's disappointing Soviet grain crop. Soviet grain purchases from the United States have slowed this summer—possibly in response to the better Soviet crop outlook this year—but the volume of purchases has already exceeded 1979's record 15.5 million tons. Soviet grain import needs are forecast at a record 55.5 million tons for the marketing year, and the United States is expected to supply the largest share.

The August estimate of U.S. farm product exports to the Soviet Union—\$2.8 billion—was based on strict compliance with the U.S.-USSR Grain Agreement. Under that agreement, the Soviets are obliged to import 4 million tons of U.S. wheat each agreement year (October-September). Through August, only 2.9 million tons had been

U.S. Agricultural Export Value by Region

Region	October-June		Fiscal	Fiscal
	1983/84	1984/85	1984	1985 forecast
—Billion dollars—				
Western Europe	7.863	5.937	9.264	6.9
European Community	5.660	4.433	6.717	5.2
Other Western Europe	2.204	1.504	2.547	1.7
Eastern Europe	.579	.447	.741	.6
USSR	1.893	2.480	2.312	2.8
Asia	11.829	9.507	15.210	12.4
Middle East 1/	1.360	1.173	1.865	1.6
South Asia 2/	.756	.475	.867	.6
Japan	5.450	4.530	6.935	5.8
China	.484	.178	.692	.3
Other East Asia 3/	2.842	2.490	3.631	3.2
Southeast Asia 4/	.938	.661	1.218	.9
Canada	1.457	1.341	1.936	1.8
Africa	2.117	2.038	2.868	2.6
North Africa 5/	1.068	1.025	1.542	1.4
Sub-Saharan Africa	1.049	1.013	1.327	1.2
Latin America	3.934	3.606	5.282	4.7
Mexico	1.527	1.334	1.968	1.8
Central America & Caribbean	.875	.836	1.223	1.1
South America	1.532	1.436	2.091	1.8
Oceania	.164	.165	.216	.2
Total	29.838	25.520	38.031	32.0
Developed countries 6/	15.619	12.340	19.180	14.7
Less developed countries	11.262	10.075	14.906	13.6
Centrally planned countries	2.956	3.105	3.945	3.7

1/ Turkey, Cyprus, Syria, Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Yemen (Sana), Yemen (Aden), Oman, and Bahrain. 2/ Afghanistan, India, Pakistan, Nepal, Bangladesh, and Sri Lanka. 3/ Korea, Hong Kong, and Taiwan. 4/ Burma, Thailand, Vietnam, Laos, Kampuchea, Malaysia, Singapore, Indonesia, Brunei, Philippines, and Macao. 5/ Morocco, Algeria, Tunisia, Libya, and Egypt. 6/ Western Europe, Japan, Canada, and Oceania.

purchased and shipped, and the likelihood that 4 million may be shipped is very small. However, the Soviets have declared their intention to make the required purchases.

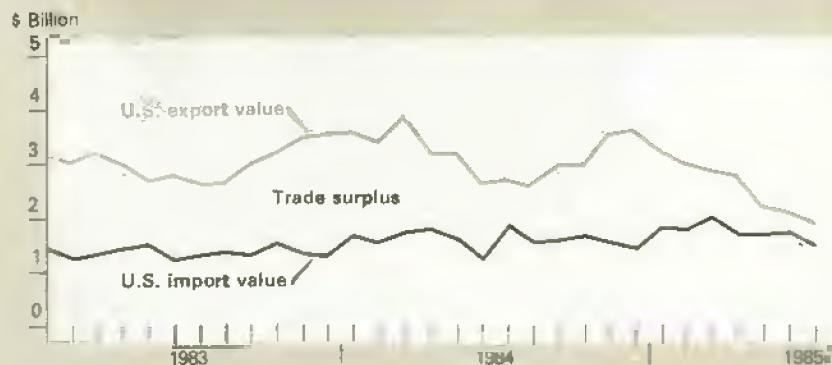
Eastern Europe Increases Its Own Production

Unlike the Soviet Union, Eastern Europe is expected to import a smaller amount of U.S. farm products this year, as it has every year since 1981. Regional efforts towards grain self-sufficiency and reduction of hard-currency debt are expected to continue to depress import demand. One result this year has been a reluctance to utilize U.S. credit guarantees. Of the \$170 million in U.S. guarantees allocated for Yugoslavian purchases of oilseeds, cotton, and cattle hides, only about half will be used.

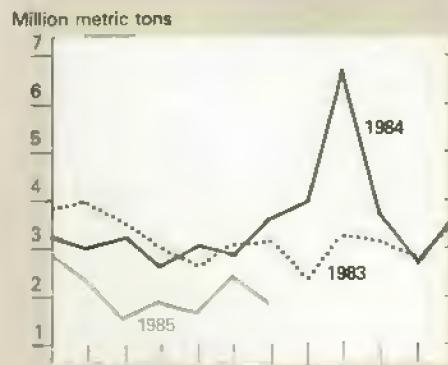
Increased Eastern European crop production in 1984/85 is also trimming U.S. exports. Large soybean and rapeseed crops in the region last fall have reduced demand for U.S. soybeans, although soybean meal imports from the U.S. may be slightly higher. In addition, record grain crops have reduced import needs and have temporarily made the region an exporter of grain. Nevertheless, U.S. exports of wheat and wheat products will remain close to last year's, since they consist almost entirely of concessional shipments to Poland.

U.S. Agricultural Trade Indicators

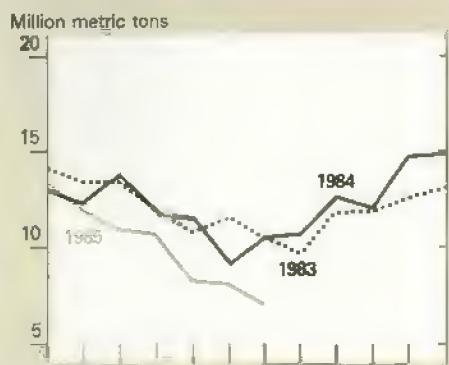
U.S. agricultural trade balance



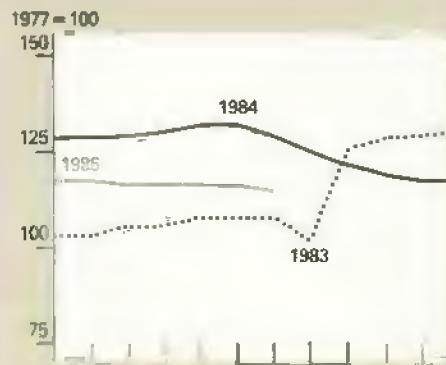
U.S. wheat exports



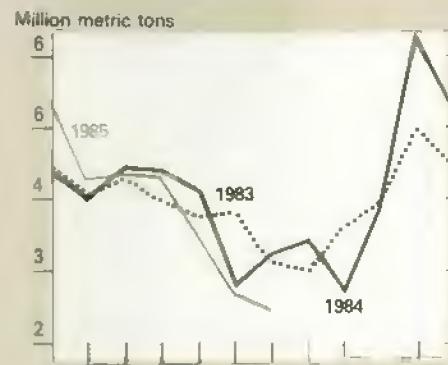
Export volume



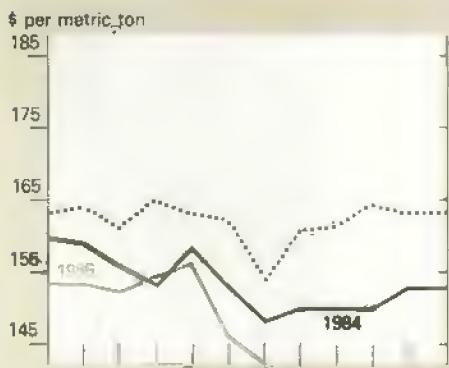
Export prices



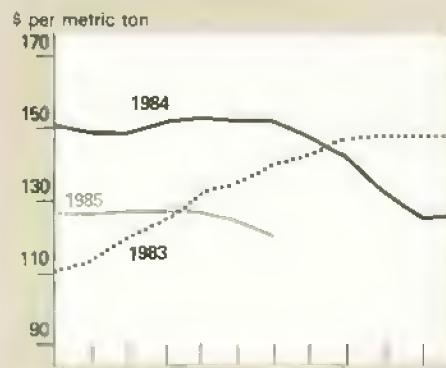
U.S. corn exports



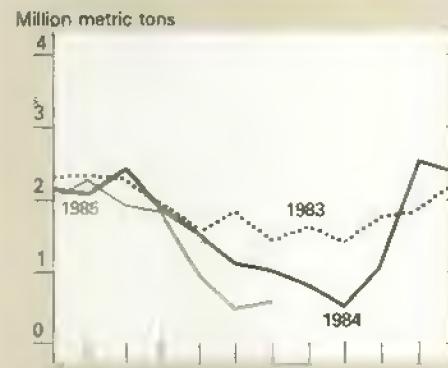
Wheat export unit value*



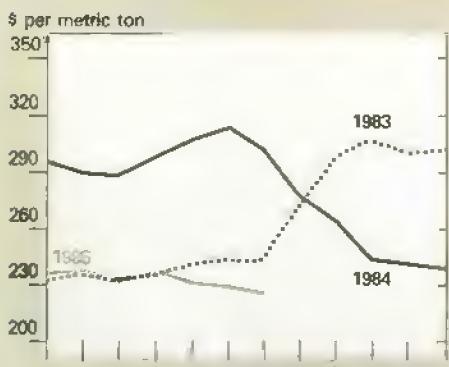
Corn export unit value*



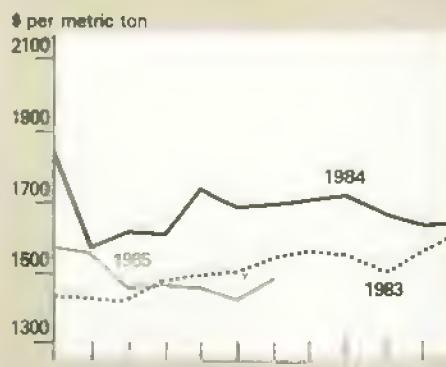
U.S. soybean exports



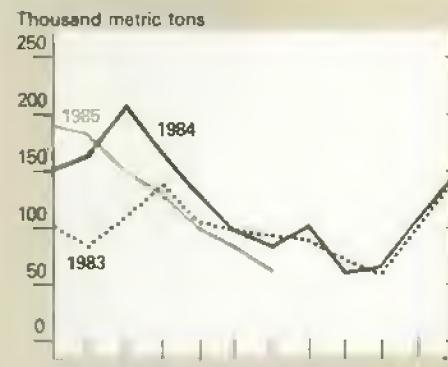
Soybeans export unit value*



Cotton export unit value*



U.S. cotton exports



*Value of U.S. exports divided by volume exported. Data on the wheat, corn, soybean, and cotton exchange rates are now included in the U.S. Agricultural Trade tables at the back of this issue.

China Is Now More Competitor Than Customer

The value of U.S. exports to China is forecast to be about 60 percent lower in fiscal 1985 than last year, as China reduces its wheat imports. Burgeoning production has made China the world's largest wheat producer and reduced its import needs dramatically. Although exports of other U.S. farm products to China are growing, they have done little to offset the decline in wheat sales.

China's dramatic increases in farm production have also made it a formidable competitor in Asian markets for corn, cotton, and—to a lesser extent—soybeans. As corn production increased and food consumption shifted towards wheat, localized surpluses developed. Since transportation between surplus and deficit regions within China is difficult, the Government decided to export its corn surpluses—perhaps as much as 5 million tons in 1985. Cotton exports have been similarly stimulated by 5 consecutive years of record production through 1984/85, and rising stocks.

Exports Lower to Middle-Income East Asia

Chinese competition is having a noticeable impact in middle-income East Asia (Korea, Taiwan, and Hong Kong). U.S. agricultural exports to the region are expected to fall despite strong economic growth there. Led by exports to the United States, economic growth rates in these countries have been the highest in the world. However, performance of domestic demand has been more restrained, given weak domestic investment in Taiwan and, in South Korea, debt concerns that have necessitated tight fiscal and monetary policies.

Middle-income East Asia's coarse grain imports from all suppliers are not expected to rise in 1985, despite an expanding livestock sector in South Korea and large pig numbers for the year in Taiwan. Both Korea and Taiwan are seeking to raise the feed use of domestic grains. More important for U.S. sales is the rapid rise this year in China's corn exports to South Korea. While the United States has historically held 90 percent of the Korean market, China became Korea's largest feed grain supplier for 1984/85.

Similarly, although U.S. sales and market share for cotton are expected to remain strong in South Korea and Taiwan, a large decline is expected in shipments to Hong Kong, as China assumes a dominant role in the cotton market there.

Southeast Asia 20 Percent Lower

The value of U.S. agricultural exports to Southeast Asia will decline over 20 percent in 1985 because of increased local farm production and foreign competition. Import demand in the region will also be curbed by attempts to reduce current account deficits. Economic growth in the region (with the exception of the Philippines) has been strong compared with much of the developing world, but currency devaluations and public spending reductions have trimmed imports. Falling oil prices have helped some countries here, but Indonesia and Malaysia are large petroleum exporters and have suffered as a result.

U.S. wheat exports to Southeast Asia will fall this year; Indonesia's large rice supplies have reduced food grain import needs and both Indonesia and Thailand are seeking to curb wheat imports and save foreign exchange. Indonesia's wheat purchases from all customers have fallen, but sales by the United States have fallen faster than those by Argentina and Australia. The region's cotton imports are also expected to be lower in total, but again the U.S. share will also slip because of increased competition, in part from China. Total imports of soybeans and soybean meal by the region will probably be higher, but once more U.S. exports have been cut by competition from China and Brazil.

India's Wheat Surplus Turns

Another Customer to Competitor

Exports to South Asia will be lower in 1985 because of increased production there of wheat, cotton, and oilseeds. Rising food grain production pushed down India's wheat purchases last year and eliminated them this year. India is projected to export 1.5 million tons of wheat this year. In cotton, Pakistan also switched from importer to exporter, resuming its traditional role as a significant competitor of U.S. cotton both worldwide and in South Asia. U.S. vegetable oil sales have been hurt by increased Malaysian palm oil supplies as well as greater domestic oilseed production.

In the Middle East, extensive offers of U.S. export credit guarantees are not expected to prevent a decline in U.S. exports, since much of the credit offered to Turkey and Iraq may go unused this year. A fragile economic situation in much of the region—due to reduced petroleum revenues—has heightened interest in less expensive suppliers. As a result of these poor economic conditions, U.S. wheat exports may fall one-third from last year's record 3 million tons. On the other hand, EC and Australian wheat sales to the region will rise; Australia's may double. U.S. rice exports to the Middle East will also be lower, but Thailand's will probably rise.

Sales to Africa Lower, Food Aid Higher

Competition for wheat sales is hurting U.S. exports to North Africa. The United States has lost market share in Morocco and Egypt, and Tunisia's recent record grain harvest reduces import needs there. Grains generally comprise two-thirds of the value of U.S. exports to the region, and U.S. grain shipments may fall to a 5-year low in fiscal 1985. North Africa has been the focus of the Export Enhancement Program's first initiatives, but the shipments probably will not occur until after the end of this fiscal year.

Little decline is expected in exports to Sub-Saharan Africa. Severe drought in much of the region raised emergency food needs this year. Exports of wheat and vegetable oils—mostly concessional—are expected to reach record amounts, and shipments of blended food products and nonfat dried milk are also likely to be up. The largest increases are coming in exports to Ethiopia, Sudan, and Kenya.

On the other hand, South Africa's near-return to self-sufficiency in corn will lower feed grain sales. In 1984, South Africa's unprecedented corn imports propelled Sub-Saharan Africa's imports of U.S. agricultural products to an alltime high.

Latin American Production Up

The value of exports to Latin America will probably decline about 7 percent in fiscal 1985, in part because of lower prices for U.S. farm products. In addition, improved domestic production and limited economic growth are curbing import demand. Although 1984 and 1985 have seen improved economic performance in the region, the setbacks in investment and production that occurred in the previous few years have not been made up; the region's imports of all products were lower in real terms in 1984 than they were in 1973, and a sustainable large increase is improbable.

Domestic production has played an even greater role than debt problems in fluctuating agricultural imports. Mexico's coarse grain harvest was up last year, reducing its import needs. The fall-off in Mexico's purchases is the largest single decline in farm exports to Latin America. Food production for domestic consumption in the Caribbean rose in 1984 and is expected to be up again this year. Similarly, the Andean countries of South America have already harvested a second consecutive increased food crop. The exception has been Brazil, where a poor wheat harvest last year and continuing wheat consumption subsidies have led to increased U.S. sales.

Outlook for Fiscal 1986:

Another, Smaller Decline

Fiscal 1986 may see another, although smaller decline in export value and volume. The volume of soybeans and meal may be higher, but declining feed grain volume is expected to offset the gain. Export unit values may be lower for most products, and the drop in export value will most likely be greater than the decline in volume. Although the Export Enhancement Program will probably have a greater impact next year than this, the final effect cannot be determined now. [Steve MacDonald (202) 786-1621]



Food and Marketing

FOOD PRICE UPDATE

Food prices in the first 7 months of this year averaged 2.4 percent above the same period in 1984. The rate of increase in 1985 compares with a 3.7-percent increase during the same period last year over 1983. This year's smaller rise stems in part from lower farm prices. Retail food price in-

creases in 1985 will be among the smallest in recent years—between 2 and 3 percent.

Lower farm prices are the result of big supplies of farm foods, particularly meats. Total meat supplies are expected to be 1 percent larger this year than last. While beef production will likely be smaller, a 4-percent increase in poultry will boost total meat supplies.

Because of the large meat supplies, retail prices have averaged below last year since the first quarter. Retail prices for red meat are expected to remain under a year earlier for the rest of 1985, and average about 1 percent less for the entire year. Meats hold the largest single share of consumer grocery store expenditures, and lower meat prices will play the most important role in keeping down total food price increases.

The slower growth rate in the general economy has brought about a smaller rate of growth in disposable personal income. The purchasing power of disposable personal income has grown about 2 percent this year, compared with nearly 6 percent in 1984. Price-conscious consumers are more likely to purchase relatively lower priced pou-

Changes In Consumer Price Indexes for Food, 1982-1985

Index	1982	1983	1984	1985F
	Percent			
All food	4.0	2.1	3.8	2 to 3
Food away from home	5.3	4.4	4.2	3 to 5
Food at home	3.4	1.1	3.7	1 to 2
Meats, poultry, & fish	4.0	-0.7	1.6	-1 to 1
Meats	4.8	-1.1	0.3	-2 to 0
Beef & veal	1.4	-1.5	1.2	-3 to 0
Pork	12.9	-0.7	-1.3	0 to 2
Poultry	-1.8	1.2	10.6	-2 to 1
Fish & seafood	3.6	1.2	3.2	2 to 5
Eggs	-2.8	4.7	11.7	-20 to -18
Dairy products	1.4	1.2	0.7	0 to 2
Fats & oils	-2.8	1.3	9.5	3 to 5
Fruits & veg.	5.5	0.3	8.6	2 to 4
Sugar & sweets	-0.2	1.9	3.9	2 to 4
Cereals & bakery prod.	4.5	3.2	4.4	2 to 4
Nonalc. beverages	2.8	1.9	2.5	2 to 4

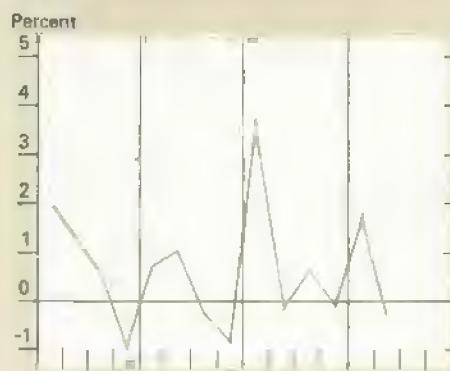
F=Forecast.

Food and Marketing Indicators

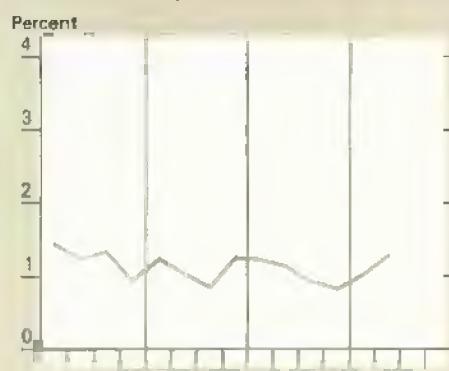
CPI: Total food^o



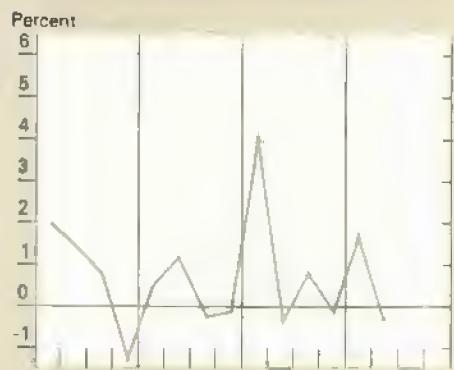
CPI: Food at home^o



CPI: Food away from home^o



Farm food market basket, retail price



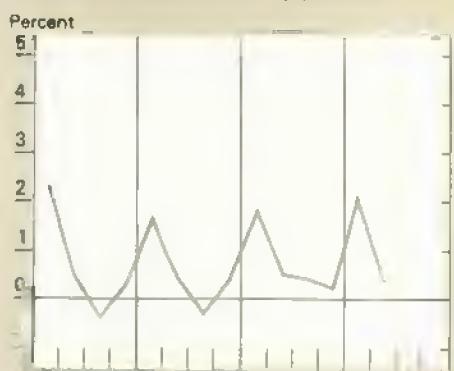
Farm value



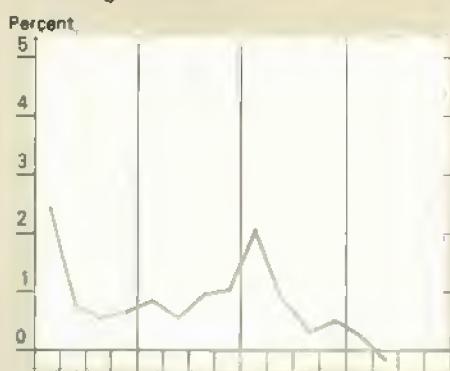
Farm to retail spread



Imported food and fishery products



Marketing cost index



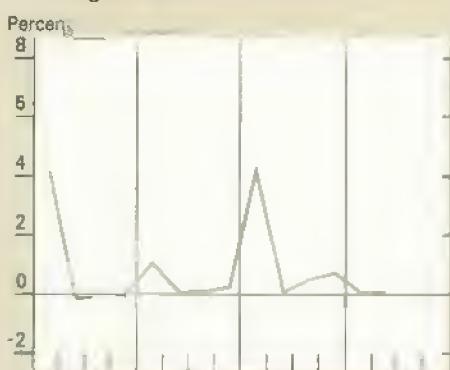
Labor cost



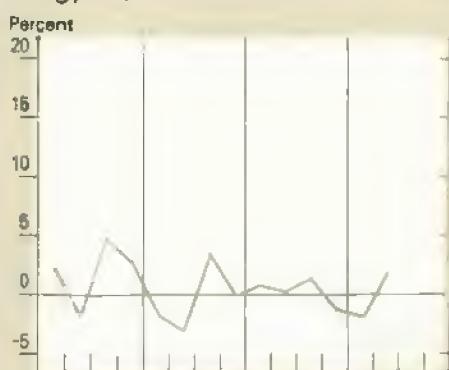
Packaging cost



Rail freight rates



Energy rates



OCPI unadjusted.

All series expressed as percentage change from preceding quarter.

try than beef and pork. Despite slightly smaller supplies, prices for red meat have been lower, indicating weak red meat demand. Demand is not expected to strengthen in the near future.

Retail prices for eggs and fresh vegetables will also average less this year than in 1984 and help dampen the increase in the consumer price index for food. Egg prices will be down between 18 and 20 percent from last year's high levels.

Fresh vegetable prices will average about 4 percent below last year. They were relatively high earlier this year because of speculation about damage from the January freeze in Florida. However, the freeze came after many fresh winter vegetables had already been harvested, minimizing its effect on first-quarter prices.

Other food prices will average higher this year than last. Fresh fruit will average 10 to 15 percent more because of a small California orange crop and smaller summer stone fruit harvests. A late frost cut the peach crop in the Southeast by 50 percent. Prices of processed and prepared foods are expected to rise about 2 to 4 percent above 1984. [Ralph Parlett (202) 786-1870]

Upcoming Economic Reports

Title	Summary Released
Livestock & Poultry World Ag Supply & Demand	October 4
Econ. Indicators of the Farm Sector	October 10
Agricultural Outlook	October 16
Fruit Yearbook	October 18
Foreign Ag. Trade of the U.S.	October 21
	October 22

Summaries are released electronically on the dates indicated; the full reports, including tables, may also be accessed 2 to 3 days later. For details, call Martin Marietta Data Systems at (301) 982-6662.



Transportation

PROSPECTS AT HARVEST

Transportation equipment should be in good to surplus supply for the fall harvest. Inventories of equipment for all modes are as large as last year or larger. At the same time, the small, localized rail car and truck shortages that usually occur during harvest will probably be more frequent this year. If harvest is as rapid as now expected, truck shortages of 1 or 2 days and rail car shortages of about a week can be expected. Such shortages seldom significantly disrupt grain or oilseed marketing.

Rail—In July the jumbo covered hopper car fleet stood at more than 238,000, up 3 percent from 1984 and 9 percent from 1981. Railroads have the ability to load more than 31,000 cars per week during harvest. In 1984, about 27,600 cars were loaded per week. Through July 1985, a weekly average of 22,100 cars were loaded. Thus, the rail system can handle at least 28 million bushels per week more than it has been moving this year.

Barges.—Barges also have excess capacity. More than 41 million bushels of grain can be loaded per week. Through July, barge loadings averaged less than 36 million, suggesting an unused capacity of about 12 percent.

Trucks.—The U.S. truck fleet was adequate for 1984's needs and is expanding. Last year, more than 10,000 open-top and dump trailers (well suited to grain hauling) were added to the fleet. From January through August 1985, an estimated 7,300 more of these

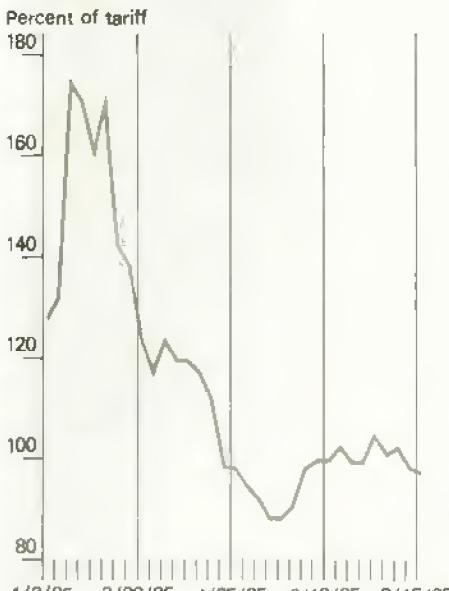
trucks were put into use. Moreover, since fresh fruit and vegetable production slackens after July, some refrigerated trailers should be available to haul grain. The supply of refrigerated van trailers also has continued to increase. In 1984, more than 22,600 were built, and an estimated 19,600 will be added this year.

Ocean.—Worldwide, the dry bulk fleet at midyear offered 233-235 million deadweight tons of carrying capacity. More than one-third of this tonnage is surplus to current needs. By mid-1986, the world fleet is expected to increase to 235-244 million deadweight tons. While international trade has increased somewhat, a substantial excess capacity is expected to continue into 1986.

Railroads Rates Turn Down

According to indexes published by the Bureau of Labor Statistics, rail rates for grain and all farm products declined 2 to 3 percent between January and July. Although the grain harvest is expected to be unusually large, relatively slack demand is likely to result in much new-crop grain being stored near production sites. Accordingly, transportation demand is unlikely to increase sharply above current levels, and rates are expected to remain nearly constant for the remainder of the year.

Barge Rates Down Substantially Since Beginning of Year



Rates on the Illinois River to New Orleans.

Barges Rates Below Last Year

Barge rates at the beginning of harvest have been well below last year's depressed levels. May-August 1985 rates to New Orleans from the Illinois River for immediate delivery of equipment averaged 15 percent below last year. Rates for delivery within 30 days were 20 percent below 1984.

On October 1, the Federal tax on fuel used by barge operators rises from 8 to 10 cents per gallon. This will create a slight amount of upward pressure on barge rates. However, diesel fuel prices have been falling this year, and the low demand for barge service suggests that operators will be unable to recoup cost increases soon. Given weak demand, the seasonal upswing in barge rates in the fourth quarter is likely to be quite small.

User Fees, Insurance Costs

Pressure Truckers' Profit Margin

Costs of operating trucks owned by independent owner-operators have fluctuated over a very narrow range during the first 7 months of this year. Thus far, truck costs have averaged \$1.152 per mile, less than one-half cent below 1984's average.

Truckers, however, are increasingly caught in a cost-price squeeze. Since July, all vehicles weighing more than 55,000 pounds have been assessed an annual user fee of approximately \$1,500. This charge, which stems from the Surface Transportation Act of 1982, now adds about 1 cent per mile to total operating costs.

For an average-sized tractor-trailer, annual hikes in the user fee will bring charges to about \$1,612 in 1986, \$1,704 in 1987, and \$1,796 in 1988. These scheduled increases are delayed 1 year for owners of five vehicles or less.

Truckers, however, are increasingly caught in a cost-price squeeze. Since July, all vehicles weighing more than 55,000 pounds have been assessed an annual user fee of approximately \$1,500. This charge, which stems from the Surface Transportation Act of 1982, now adds about 1 cent per mile to total operating costs.

Ocean Rates Remain Low

Through the first half of 1985, most ocean rates for grain have averaged at or below 1984 levels. Unless a marked upswing in world trade develops in the fourth quarter, these rates are likely to remain quite low. [T. Q. Hutchinson (202) 786-1865]



Agricultural Policy

P.L. 480: Filling the Gap

In light of widespread hunger overseas and declining U.S. exports, increased attention has been focused on P.L. 480 recently, and several proposals have been made to change it. The current program has three parts. Title I provides long-term concessional credit to assist countries in need of our commodities. Under Title II, donations aid famine relief, nutrition programs, and development projects. Title III allows the Title I debt to be forgiven if certain additional development measures are undertaken by the recipient.

Since fiscal 1980, P.L. 480 shipments under all titles have averaged between 5.5 and 6.0 million tons a year. For 1984, preliminary data show that approximately 5.7 million tons were shipped, valued at about \$1.3 billion. Africa received more than half this, while Asia and Latin America received about one-quarter and one-fifth respectively. Of 72 recipients, Egypt, Morocco, Sudan, and Bangladesh received the largest volumes of P.L. 480 in 1984.

Among Certain Commodities, P.L. 480's Share Increasing

While last year's P.L. 480 shipments constituted only about 4 percent of the volume of total agricultural exports, the program is more important for specific commodities. In fiscal 1983, about 11 percent of all U.S. wheat and flour exports, about one-fifth of all rice, and one-quarter of combined cottonseed and soybean oil exports were shipped through P.L. 480.

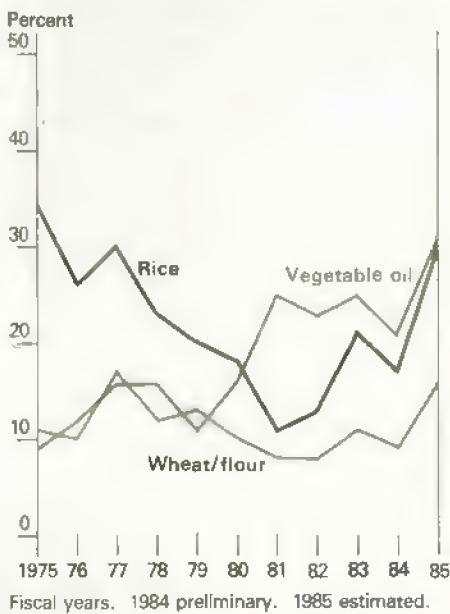
The rising share of P.L. 480 exports of these commodities reflects deterioration of commercial markets more than it does greater P.L. 480 shipments. The volume of P.L. 480 shipments in 1983 was no larger than in 1980, but all U.S. agricultural exports fell 12 percent during that period. In 1984, the share of P.L. 480 wheat and flour exports together fell slightly, but the P.L. 480 share of flour exports alone almost doubled to about two-thirds. The shares for rice and vegetable oil declined slightly in 1984 chiefly due to less P.L. 480 shipments.

However, with increased shipments in response to the African famine and with lower commercial exports, the share of P.L. 480 shipments for wheat and flour, rice, and vegetable oil will increase significantly in 1985. P.L. 480 wheat and flour export shares could again surpass 10 percent. Estimates indicate that the P.L. 480 share of cottonseed and soybean oil exports this year could expand by between one-third and one-half over last year's level, while that of rice could rise even more.

Section 416

In addition to P.L. 480, foreign donations have been authorized for humanitarian purposes under Section 416 of the Agricultural Act of 1949, as amended. In 1982, overseas donation of CCC-owned dairy stocks was authorized. In 1984, wheat donations were authorized, and in 1985, rice.

For Several U.S. Exports, P.L. 480 Shipments Represent A Growing Share



There are some Government and industry concerns about Section 416 donations. One is that it may disrupt commercial markets, although this risk is less for dairy products since only small quantities are shipped commercially. Another is that the donations would cut into the CCC budget. However, the House and Senate farm bills include provisions to expand Section 416, in both type and volume of commodities.

Food for Progress

A "Food for Progress" program has also been proposed. Several versions have been put forward in Congress, but the intent is for the United States to grant commodities to developing countries, on a multiyear basis as a reward for adopting market-oriented agricultural policies. The program would last from fiscal 1986 through 1989, involve a maximum of 500,000 tons of commodities per country per year, and be exempt from the Cargo Preference Act. Funds would also be provided for the processing and delivery of the commodities. Resale of the commodities would

be prohibited and measures would be required to avoid displacing U.S. exports.

Title I/Local Currency Proposal

When P.L. 480 was enacted in 1954, potential purchasers of U.S. commodities lacked dollars to buy them. To ease payment problems, the United States accepted local currencies in payment for P.L. 480 commodities. However, local currencies were of little value to the United States outside of the country. As recipients' economies grew and the United States accumulated large sums of local currencies, the U.S. Government stopped accepting them in payment for Title I commodities and only accepted hard currencies (dollars or currencies convertible to dollars) in the early 1970's.

The Title I/Local Currency proposal in Congress would allow accepting local currency again in an effort to improve the developmental impact of Title I sales. In the Senate version of this proposal, at least 25 but no more than 50 percent of the value of all Title I sales (or 500,000 metric tons) would be repayable in foreign currencies under terms set by the Secretary of Agriculture. The remainder would be repaid in convertible currencies over an extended period as is currently done.

The local currency funds would be lent to financial intermediaries (including cooperatives, private voluntary organizations, and the U.S. Overseas Private Investment Corporation), which in turn would make loans to the local private sector to stimulate private enterprise, increase distribution and consumption of U.S. commodities, and increase private sector development. The financial intermediary would repay the United States beginning no later than 10 years and ending no later than 30 years, but in dollars.

The Title I/LC proposal is a hybrid of two P.L. 480 programs that were more active in the past—Cooley loans and private trade agreements (PTA's). Under the Cooley loan program, the local currencies the United States had received in payment for P.L. 480 commodities were loaned to U.S. or foreign businesses operating in the recipient countries. The purpose was to expand U.S. markets, though not necessarily only agricultural markets.

Under the private trade agreement program, the U.S. Government provided credit to a private trader for purchase of U.S. agricultural commodities. The loan was payable in hard currencies. One of the first agreements involved granting production loans to farmer cooperatives in Iran. In Korea, agreements with companies such as Purina Korea, Inc., and Korea Cargill were used to finance new plants for livestock feed mixing and livestock and poultry production and processing.

Both Cooley loans and PTA's were curtailed or became inactive when the U.S. Government stopped accepting local currencies in payment for Title I commodities.

The Title I/LC proposal is not expected to immediately affect U.S. farm prices and incomes, but it could affect the developmental impact of P.L. 480. Currently, the recipient government is the beneficiary of the local currency generated by the sale of Title I commodities. The Title I/LC proposal would help shift the development impetus to the private sectors of recipient nations.

The distribution of loans would be governed by market forces. Since the local currency debt would be repayable only in currencies convertible to dollars considerable risk would be incurred by the financial intermediary. The intermediary making the loan would be unlikely to lend funds to high-risk applicants, such as peasant farmers, but would be more likely to invest in enterprises already firmly established. (Mark Smith (202) 786-1687)

Computer Bulletin Board Has New Phone Number

The new phone number for the computer bulletin board operated by the Food & Agricultural Policy Branch (NED/ERS) is (202) 786-3400. The bulletin board offers information related to the current farm bill debate. For more information contact Lewrene Glaser at (202) 786-1780.



The Year After the Drought: How Much Recovery for Ethiopia & Sudan?

The rains have returned to Ethiopia and Sudan. The worst may be over for many survivors of this year's famine. But, food shortages will not disappear. *World Food Needs and Availabilities* (WFNA)¹ estimates that in 1985/86 Ethiopia will require 1.1 million and Sudan 0.9 million tons of food grain imports simply to maintain consumption at the nutritionally inadequate levels of the last 4 years. If foreign exchange expenditure patterns do not change, Ethiopia will need 1.0 million and Sudan 0.6 million tons of food aid to keep consumption at 4-year levels. To meet minimum nutritional requirements set by the United Nations, food aid required would be higher—approximately 1.3 million tons for Ethiopia and 0.9 million for Sudan.

Slow Growth in Ethiopia's Food Production

Assessing food import needs for the *World Food Needs and Availabilities* study begins with analysis of a country's food production. Although harvests are highly variable, total food grain production has improved since the early 1970's in Ethiopia and Sudan. Over 90 percent of Ethiopia's crops are produced by peasant farmers or smallholders, who comprise 75 percent of the nation's 35.2 million people. Typically these are subsistence farmers, working less than 2 hectares of land in Ethiopia's highlands. Sixty percent of all crops are food grains, with teff (a traditional cereal), wheat, barley, sorghum, and corn all important. Other major crops are pulses, oilseeds, and coffee.

Ethiopia has Africa's largest livestock population. Smallholders keep animals mainly for draft and transportation uses, but 10 percent of Ethiopians are nomadic pastoralists who rely on livestock for the bulk of their food and income. The livestock sector has been severely hurt by the recent drought.

During the mid-1970's, agriculture in Ethiopia stagnated. Drought in the northern growing regions contributed to a food crisis between 1972 and 1974. Through 1974, the system of land ownership and land use relations was complex and inequitable. Tenancy was common among peasant farmers who worked smallholdings, often with heavy obligations to land owners. Food shortages and land tenure problems contributed to the fall of Emperor Haile Selassie in 1974.

In 1975, all agricultural land was nationalized and the existing large commercial farms became state farms. Political disruptions continued until 1977, when Mengistu Haile Miriam began to consolidate his power. As a result of these disruptions food production declined between 1975 and 1977.

Increased political stability and Government campaigns to raise agricultural production contributed to higher food grain output in 1978 and 1979. But agricultural programs were hurt after 1979 by rising fertilizer prices and declining Government revenues, as coffee export prices fell. Drought in some areas, combined with financial constraints, caused food grain production to fall in 1980 and 1981. Weather in the major crop-growing areas of the south improved in 1982 and 1983, though, temporarily leading to higher crop production.

Drought Was Not Only Cause of Famine

The drought which had affected parts of the north in 1983 became more widespread in 1984 and food grain production fell to 16 percent below 1981-83 levels. The extent to which drought caused the current food shortages is not fully understood because weather information is limited and crop statistics are imprecise. While the available data do not indicate abnormally low rainfall, the data are spotty and little is known about the distribution of rain at critical times during the growing season. In the rugged topography of Ethiopia, rainfall can vary over short distances. This inconclusive evidence suggests that while localized drought was likely a cause of low food production, other factors were involved.

¹USDA Economic Research Service, *World Food Needs and Availabilities* (Washington, D.C.: ERS), 1985.

Among the areas suffering the most serious shortages are the northern provinces of Eritrea and Tigre, areas controlled primarily by groups at war with the Ethiopian Government. Armed conflict has probably contributed to poor agricultural performance, and it certainly contributes to food shortages and starvation in these regions. Food is in short supply in the other regions of Ethiopia as well, but since December, 100,000 tons of food aid per month have been entering the country, easing the general shortage in the Government-controlled areas.

The main harvests in Ethiopia are in November and December. To date, rainfall has been quite favorable. Although significant recovery is expected in 1985, a number of nonweather factors will probably keep production below normal. First, plantings were likely reduced because populations were displaced and the insurgencies in the north have continued. Second, inputs—seed, draft animals, and farm implements—are in short supply. In addition, some of the 1985 crop may be lost to pests such as army worms because of inadequate pesticide distribution. Some of these factors have already reduced output from the secondary or "belg" season harvest—June to July—which normally accounts for 5 to 10 percent of food production.

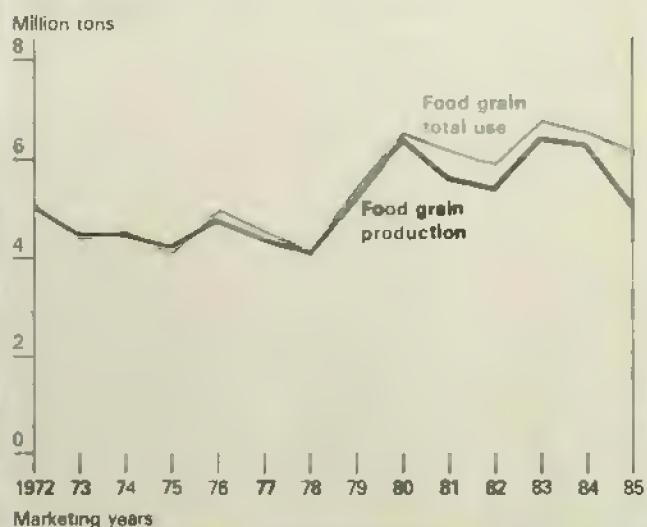
Based on these considerations, 1985/86 food grain production in Ethiopia is estimated at 5.5 million tons, 11 percent above 1984/85 production but 5 percent below the 1981-1984 average.

Strong Improvement Likely on Sudan's Irrigated & Mechanized Farms

The structure of Sudan's production is much different from Ethiopia's. In Sudan, irrigation and mechanization are more important. Irrigated agriculture is dominated by large Government-owned schemes along the Nile Rivers. These schemes provide small farmers with land, water, seed, chemicals, and technical services. The principal crops grown are cotton, wheat, sorghum, and peanuts.

One-fifth of Sudanese cropland, approximately 4 million acres, is managed by these schemes, the largest of which are the Gezira (2 million acres), New Halfa, Blue Nile, White Nile, and Rahad. The Gezira scheme alone normally produces two-thirds of Sudan's wheat.

Ethiopia's Food Consumption Fell in 1983-85



Sudan's Food Gap Grew Rapidly in 1983-85



Mechanized farming methods are used on 5.5 million acres of rainfed cropland, much of which is in eastern Sudan. Sorghum is the primary crop, but sesame is also important. Traditional farming practices are used on an estimated 9 million acres of rainfed cropland. Much of this is located in the western areas most severely affected by the current drought. Sorghum, millet, peanuts, sesame, and minor crops are grown for subsistence and for sale. Farmers in the traditional sector also produce gum arabic and a majority of Sudan's livestock.

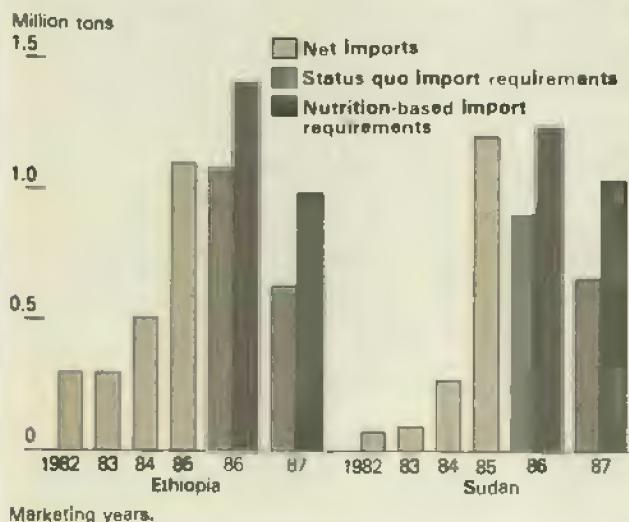
Cotton, sorghum, peanuts, and sesame are grown for export. Sorghum, millet, wheat, and peanuts are the principal staple foods. Since the mid-1970's, food production levels have fluctuated as farmers have switched among crops because of changing Government policies and variability in weather.

Food grain and peanut production grew slowly during the 1970's. Peanut production reached a record in 1977/78 and food grains peaked the following season. In 1979/80, poor rainfall reduced staple food production by 22 percent. But, strong production was recorded in the 2 following years as producer prices rose and weather improved. Sorghum production was a record 3.3 million tons in 1981/82.

The latest drought began to affect rainfed production in western Sudan during the 1982/83 season. Also in that year, sorghum producers in eastern Sudan were hurt by increased competition from other countries that sell to Saudi Arabia.

By 1984/85, the drought became so widespread that the irrigated sector was affected. Food grain and peanut production fell 45 percent below the 1981/82-1983/84 average. Wheat production dropped to 52,000 tons from 162,000 the previous year because the Government determined that water levels were too low to permit irrigation of wheat acreage in the Gezira scheme. Sorghum production also fell sharply, to 1.2 million tons.

Ethiopia & Sudan Will Continue To Be Heavily Dependent on Food Imports



Sudan's main harvests occur in October and November. Rainfall has been good since June. River flows have been adequate for strong recovery in the irrigated sector, while input shortages should not limit production in the irrigated and mechanized sectors. Wheat is not planted until November, and the Government expects to irrigate more than 200,000 hectares, surpassing 1979/80 and 1980/81. As a result of these signals, food grain production for 1985/86 is forecast at 2.6 million tons and peanut production at 410,000.

Food Aid Boosts Imports

The second step in assessing food needs, after estimating production, is analyzing food trade flows. Between 1978 and 1983, Ethiopia's food grain imports averaged 300,000 tons, primarily wheat. This represented only 5 percent of the country's total food grain supplies. Principal trading partners were Canada, the European Community, and the United States. Food aid provided nearly 50 percent of food grain imports during this period.

Food aid in response to the recent emergency raised imports to 500,000 tons in 1984; pledges for 1985 have exceeded 1.2 million tons. The United States' 1985 food aid contribution includes 390,000 tons of wheat and 75,000 of coarse grains. Ethiopia's commercial imports for 1985 are an estimated 150,000 tons of wheat—100,000 from France and 50,000 from Australia.

Sudan's imports averaged over 400,000 tons between 1977/78 and 1982/83, primarily wheat. Unlike Ethiopia, however, Sudan exported approximately 150,000 tons of sorghum per year during this period. Food aid receipts averaged nearly 200,000 tons during this period, with three-fourths coming from the United States. Most of the U.S. food aid was provided under P.L. 480 Title I, primarily for urban consumption.

In 1983/84, imports into Sudan were 310,000 tons and the Government halted sorghum exports as food production declined. In 1984/85, grain imports have risen to an estimated 1.3 million tons. Food aid reached 300,000 tons in 1983/84. In 1984/85, 1.2 million tons were pledged, with nearly 1 million provided by the United States. Sudan's commercial food grain imports in 1985 are estimated at under 100,000 tons.

Unfortunately, food aid distribution has lagged behind pledges in Ethiopia and Sudan. As of September, 83 percent of Ethiopia's and 94 percent of Sudan's 1985 shipments had reached their ports. As much food aid has arrived during some months in 1985 as has previously arrived in some whole years.

Despite increases in cargo handling capabilities, some ships are still offshore waiting to unload. Trucks to move food are scarce and subject to frequent breakdowns. Additional trucks are continually being added to the relief effort and progress is being made in internal food distribution. But, road systems are overworked and most areas of Ethiopia and Sudan are far from the few paved highways. Seasonal rains, too, pose problems for food distribution. Rains make some roads impassable. Sudan's rail line to the west has been obstructed by washouts, breakdowns, and management difficulties. To date, only 64 percent of food aid pledged this year for Sudan has been distributed, and only 61 percent for Ethiopia.

Import Requirements Still High in 1986

In the third stage of the food needs assessment, two estimates of food requirements are derived. The status quo estimate is based on the assumption that per capita consumption will be held at the average level of the 4 preceding years, even if this is nutritionally inadequate. The nutrition-based estimate, in contrast, is calculated from minimum nutritional requirements set by the Food and Agriculture Organization (FAO)/World Health Organization (WHO).

Food Aid Distribution to Interior Lags Far Behind Pledges



Source: World Food Program and ERS estimates.

Status quo food estimates are based on production and net imports, with adjustments for stock changes and feed uses. Between 1982 and 1985, food grain consumption in Ethiopia averaged 6.3 million tons, or 188.3 kilograms per person. To match this level of consumption, supplies of 6.6 million tons will be required in 1986.

Food grains provided two-thirds of calories consumed in Ethiopia between 1979 and 1981, but calorie consumption was approximately 10 percent below the FAO/WHO minimum. If the share of food grains in the diet were maintained and consumption increased to the FAO/WHO minimum of 2,330 calories per person per day, then Ethiopia's 1986 food grain supply requirements would be 7.0 million tons.

In Sudan, with a substantial decline in consumption in 1984/85, the 4-year average consumption of food grains was 3.1 million tons or 153.6 kilograms per person. Peanut consumption during the base period averaged 498,000 tons or 22.5 kilograms per capita. To maintain this level of consumption in 1985/86, total supplies of 3.9 million tons of food grains and peanuts will be required.

Average calorie consumption in Sudan in 1979-81 was approximately 5 percent below the nutritional minimum. Food grains provided 50.8 percent of calories consumed, while peanuts provided an additional 12.1 percent. To increase Sudan's average daily consumption to 2350 calories per person while holding constant the shares of food grains and peanuts in the diet, 4.2 million tons of food grains and peanuts would be required in 1985/86 (calorie requirements may differ between countries because of different age and activity levels of the population).

The 1.1 to 1.4 million tons of imports required by Ethiopia and the 0.9 to 1.2 million required by Sudan in 1985/86 could be met by either commercial imports or food aid. The *World Food Needs and Availabilities* report makes no judgments on whether or how these food gaps should be filled. However, it does provide a benchmark estimate of foreign exchange available for food imports. By holding constant the proportion of available foreign exchange used for food imports in a base period, the estimates indicate a country's commercial import capacity for foods. Thus, an assessment of a country's overall balance of payments is part of the determination of food aid needs.

Ethiopia's Coffee Exports Down, Debt Service Increasing

Ethiopia's trade deficit grew steadily from 1979/80 to 1983/84. Much of this deficit was financed by foreign assistance, although external indebtedness increased and foreign exchange reserves declined. This pattern continued in

Production Estimates and Consumption and Import Requirements for Ethiopia and Sudan, 1985/86

Country	Total use require.		Import require.	
	Status quo 1/	Nutrit. based 2/	Status quo 1/	Nutrit. based 2/
—Thousand tons—				
Ethiopia	6229	6971	5545	1084
Sudan	3907	4223	3005	902
Food grains	3409	3665	2595	814
Peanuts	498	568	410	88
				1070
				158

1/ To maintain 1981/82-1984/85 average per capita consumption. 2/ To raise average per capita consumption to nutritional minimums.

Sources: *World Food Needs and Availabilities, 1985*.

1984/85 as coffee exports—the most important foreign exchange earner—declined by 10 percent and food aid and imports financed by foreign assistance increased. Ethiopia maintained a relatively low 12-percent debt-service ratio prior to 1982/83, but this has increased to 20 percent over the past 2 years.

Ethiopia's commercial import capacity in 1985/86 is estimated at only 79,000 tons of food grains, because of the country's poor foreign exchange position and the low share (9 percent) of its foreign exchange that is normally allocated to food imports.

IMF Suspends Sudan's Credit

Sudan's foreign exchange position is bleak. Sudan's 1984 cotton harvest, at 1 million bales, was up 10 percent over 1983. However, quality and logistical problems severely hampered the cotton's export, while growing world supplies lowered prices. Sudan would normally export sorghum as well, but did not in 1984/85 because of the production shortfalls. Drought also reduced gum arabic and sesame exports.

Sudan's outstanding debt has approached \$9 billion and debt-service obligations in 1985 are over \$500 million, nearly four-fifths of export earnings. With rising import requirements and weak export performance in 1984/85, the country's trade deficit continues to frustrate efforts to meet its debt-service obligations.

Much of Sudan's heavy debt burden was incurred during the 1970's. A series of debt reschedulings began in 1979, accompanied by efforts to improve economic performance. The latter included increased incentives for cotton production, World Bank investment in irrigated agriculture, and adjustments in exchange rates.

But, economic difficulties continued. By mid-1984, Sudan's financial problems became critical. In July 1984, the International Monetary Fund suspended its standby agreement for balance-of-payments support, as Sudan fell into arrears in payments and failed to implement foreign exchange reforms. Consequently, the U.S. Commodity Import Program was halted from September 1984 to March 1985 and other donors suspended foreign assistance.

The United States, Saudi Arabia, and the World Bank later resumed their assistance to Sudan in response to new foreign exchange reforms and price adjustments on petroleum and bread. In March 1985, bread prices were raised 33 percent, but widespread demonstrations forced a rollback to 8 percent in April. The demonstrations, fueled by chronic economic problems and deep political divisions, culminated in a bloodless coup on April 6, ending 16 years of rule by President Jaffar Nimeri. The Transitional Military Council which assumed power in the coup has been unable to reach a repayment and reform agreement with the IMF.

Sudan normally allocates 23 percent of its available foreign exchange to food imports. Because of its poor balance-of-payments position and debt obligations, its commercial import capacity for food grains and peanuts is estimated at 320,000 tons for 1985/86.

Countries Remain Dependent On Foreign Food Aid

In the short run, Ethiopia and Sudan will remain dependent on foreign assistance to satisfy their food requirements. Food production is expected to fall below historical trends because of the continuing effects of drought and civil war. Commercial import capacity is limited by a number of financial factors. Food production under traditional farming practices will be slowest to recover.

In Sudan, substantial recovery is expected on the irrigated and mechanized farms. Localized food shortages may continue in western, northern, and southern Sudan and in northern Ethiopia. However, with international help and government efforts to improve agricultural production, these countries may recover from the current food emergency and begin to reduce their structural food deficits over the next few seasons. [Stephen Haykin (202) 786-1680]



India's Agricultural Success Story

During the 1960's and early 1970's, India was the world's largest recipient of food aid. Many observers doubted if the nation would ever feed itself. Per capita production of food grains showed little growth, and regular large-scale imports were necessary to avert widespread starvation.

Now, strong production gains have made India self-sufficient in food grains—its dominant food staple. Significant food grain imports now occur only after a major drought, and they are exclusively commercial. Record harvests the last 2 years, coupled with another bumper crop likely in 1985/86, have demonstrated India's vast agricultural potential and generated a large wheat surplus.

Moreover, the combination of declining food grain imports, periodic exportable surpluses of wheat and rice, and rising exports of an assortment of horticultural and high-valued products now allows India to run an annual farm trade surplus over \$1 billion. U.S. farm exports to India, mainly wheat and soybean oil, have generally declined since the early 1970's.

Achievements in food output, however, have not been uniform across commodities, nor have dietary standards improved greatly. There is now a big unmet deficit in pulses, and India has become the world's largest importer of edible oils. Both commodities are important in the Indian diet. And, while the Government operates a large distribution system for subsidized foods and widespread starvation no longer occurs even during severe droughts, nearly 50 percent of the population still cannot afford to purchase a nutritionally adequate diet. Promising gains in pulse and oilseed production have been achieved since 1980, but inadequate nutrition awaits a solution, perhaps through expanded distribution and continuation of India's recent stronger economic growth.

High-Yielding Cereals Lead Production Gains

Since the introduction of high-yielding cereal technology in the 1960's, India's food grain sector has turned in an impressive performance. Total food grain production has grown at an annual rate of 2.7 percent since 1960/61, outpacing population growth of 2.2 percent by a small but significant margin. Growth in food grain output has picked up since the late 1970's, primarily because of improved yields—the 1983/84 harvest shattered the 1978/79 record by 14 percent.

Wheat output has increased the fastest, the result of rapid adoption of high-yielding varieties (HYV's) in irrigated northern regions. Although area expansion has slowed, steady gains in input use and yields continue to boost production about 6 percent a year. India has been able to reduce its wheat imports gradually. Imports are now smaller and less frequent, occurring only following drought-induced declines in production of rice and coarse grains—crops more susceptible to poor weather. Twice in the last 8 years—first during 1978-1979 and again in 1984—there have been exportable surpluses of wheat. Imports were necessary during 1981-1983 only to help compensate for rice production shortfalls.

Recent record harvests have boosted mid-1985 wheat stocks to an alltime high 21 million tons and total cereal stocks to a record 29 million, far above Government targets and the 19-20 million tons of available storage capacity. While some surplus wheat will be exported, longer term efforts will likely focus on expanding subsidized distribution in rural areas. Wheat exports are projected at 1.5 million tons in 1985/86, although vigorous world competition will hamper export sales. As in the past, most exports will likely go to the Soviet Union, India's major agricultural market, under a longstanding barter agreement.

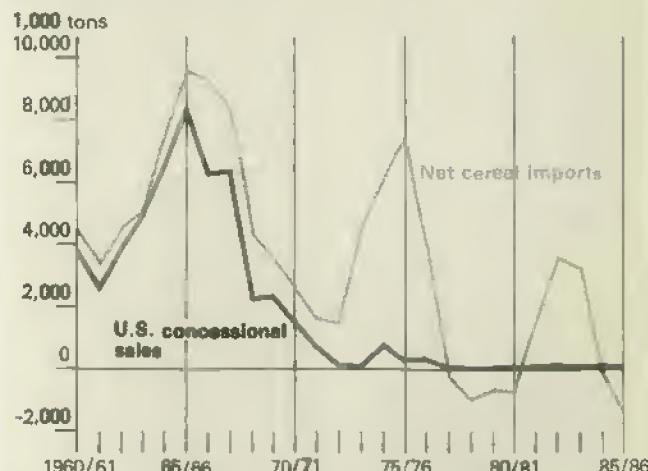
Rice Output Grows More Slowly

Gains in production of rice, India's principal food staple, have been much less rapid than for wheat because of slower development and adoption of HYV's, and rice's vulnerability to poor monsoon rainfall. Most production gains have occurred in irrigated areas of north and south India. Productivity lags in the eastern region because of inadequate water control and relatively poor institutional support for production and marketing.

Growth in rice production has picked up in recent years. The 1983/84 harvest broke the 1980/81 record by more than 11 percent, and excellent crops are also estimated for 1984/85 and 1985/86. Recent gains are due to the introduction of HYV's suitable for various microclimates, increased use of fertilizer and pesticides, and good weather and unprecedented harvests in eastern India.

Variability in rice production has led to substantial fluctuations in India's role in world rice markets. Rapid gains in rice production in primarily wheat-consuming northern areas led to large exportable surpluses in some years in the late 1970's—rice exports peaked at 1.1 million tons in 1981. Poor rice crops in 1979/80 and 1982/83, coupled with low world prices, led to large imports during 1983-84, although India usually opts for relatively low-priced wheat to meet food grain shortfalls. Now, stocks are again rising above target and, with generally competitive prices, rice exports may be renewed. As with wheat, surpluses of coarse rice are primarily bartered with the Soviet Union.

Cereal Imports and U.S. Concessional Sales to India Have Plummeted



Sources: Government of India; U.S. Dept. of Commerce, Bureau of the Census; USDA estimates.

Coarse Grain, Pulse Production Lag

While growth in wheat and rice production has outpaced population, per capita pulse and coarse grain output has declined. Pulses are an important protein complement to cereals in vegetarian diets, while coarse grains are a traditional food staple among low-income consumers. Pulse varieties that offer significantly higher returns than competing crops have not been developed, and cultivation has been relegated to unirrigated and relatively poor land where investment in inputs is risky.

Gains in pulse production have occurred since 1980 because the Government has promoted improved, short-duration varieties and prices have strengthened. The Government maintains a liberal import policy—pulses are the only food item that may be imported without restriction. But, pulse imports remain small relative to the supply shortfall because of inadequate supplies in world markets.

Coarse grain output has increased slowly, primarily because HYV's do not offer returns competitive with other crops. Coarse grains are also produced primarily on rainfed land, where risk discourages investment in high-yielding technology. Demand for coarse grains for food has been weak because of improved supplies of wheat and rice, and feed use still accounts for only about 6 percent of production. India has not traded significant amounts of coarse grains since they were received as food aid in the mid-1960's and early 1970's.

Edible Oils Emerge as Major Farm Import

As the Government emphasized food grain self-sufficiency, oilseed production virtually stagnated between 1965 and 1980, and India has been the world's largest importer of edible oils since 1977.

Since the late 1970's, however, the Government has given the oilseed sector more emphasis, largely to reduce foreign exchange expenditures on edible oils—now the second largest import after petroleum. Initiatives have included:

- introduction of price supports,
- efforts to improve oilseed marketing,
- promotion of irrigated cultivation of new peanut and rapeseed varieties, and
- successful introduction of soybeans and sunflowers.

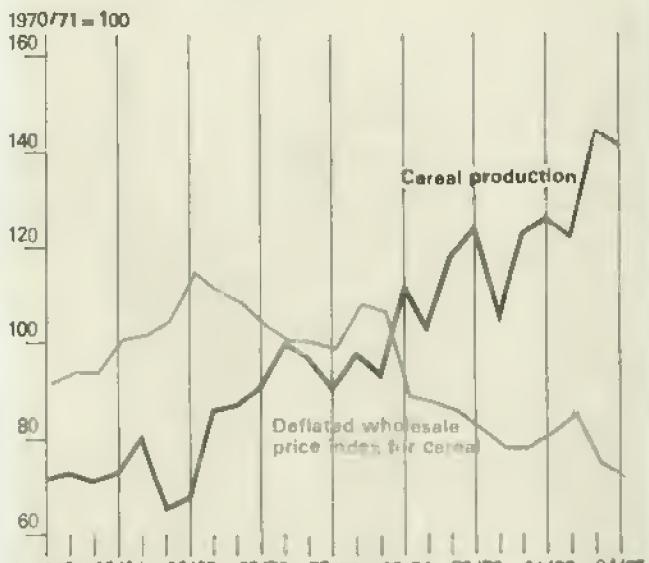
Also, the Government has generally held edible oil imports to levels that have removed sharp fluctuations in oilseed prices, and allowed oilseed prices to rise relative to competing crops. These factors have significantly boosted oilseed area and yields during the early 1980's. But, India's currently low average yields and broad oilseed production base—the largest area in the world planted to peanuts, rapeseed, sesame, linseed, safflower, and cottonseed—still offer wide scope for further gains.

Agricultural Investment Grew Rapidly

The reasons for India's achievements in food production are not hard to find. In addition to the advent of high-yielding cereals, reasons include:

- a vast soil and water resource base,
- heavy investment in irrigation and other farm infrastructure,
- development of a large agricultural research and extension network,
- improved availability of fertilizer and other inputs, and
- supportive input and output pricing policies.

India's Production Gains and Distribution Policies Have Pulled Cereal Prices Down



Sources: Government of India; USDA estimates.

Progress in Irrigation Development and Input Use in India

	60/61	70/71	80/81	83/84 est.
Million hectares				
Gross cropped area	152.8	165.8	173.3	178.0
Irrigated area	28.0	38.0	54.1	60.5
Percent				
Share of gross cropped area that is irrigated	18.3	22.9	31.2	34.0
1,000 tons				
Fertilizer use	294	2,256	5,516	7,792
Pesticide use	8.6	24.3	45.0	72.0
Million dollars				
Agricultural credit	286	905	2,676	2,851

SOURCES: Government of India, Fertilizer Association of India.

While the introduction of HYV's stimulated the initial production gains, emphasis on other factors of production has been largely responsible for gains in recent years.

India's agricultural resource base is among the richest in the world. Gross cropped area of about 178 million hectares is the third largest in the world, and most farmland consists of high-quality alluvial soils. While a monsoon tropical climate makes rainfall highly seasonal and variable, climatic conditions make most land suitable for year-around cropping—if water is available.

About 35 million hectares are now multiple cropped, with the total rising about 1 million a year because of increases in irrigated area. Water resources are extensive and offer the potential to irrigate about 114 million hectares, nearly double the current 60 million—already the largest in the world.

The sustained high rate of investment in agriculture reflects the sector's dominant role in the economy and the Government's commitment to food self-sufficiency. Private farmers now finance about 70 percent of agricultural investment, the public sector accounting for the rest. Public investment under India's development plans has accounted for about 20 percent of total plan expenditures, and annual outlays are now more than twice as large in real terms as in the late 1960's. Total public expenditures on agriculture, including non-plan outlays for ongoing programs, are growing about 12 percent a year in real terms.

Critical to maintaining agricultural investment has been India's achievement of a high domestic savings rate—about 23 percent of GDP, roughly double that of other countries at the same stage of development. India has been a major recipient of concessional capital from bilateral and multilateral sources, but domestic resources have accounted for the overwhelming bulk of both farm and nonfarm investment. However, because the domestic savings rate is unlikely to rise much further, sustaining a high rate of investment in the future will depend heavily on improving investment efficiency and increasing the foreign capital available by expanding exports and foreign borrowing.

Investment in irrigation has been particularly vigorous, accounting for about 12 percent of total development expenditures, and has been essential to growth in multiple cropping. Area irrigated under major schemes (dams and canal systems) and minor ones (tubewells) has nearly tripled since independence, and has continued to grow at about 2.3 million hectares per year during the early 1980's. About 60 percent of the additional irrigation potential will require expensive major irrigation schemes. The remainder will need less expensive development of groundwater resources, primarily in eastern regions. Plans for the late 1980's include development of groundwater potential and efforts to reduce widespread inefficiencies in the use of existing major irrigation facilities.

Gains in Other Inputs Now Complement HYV'S

Efforts to expand the availability of production inputs have been broad-based. Fertilizer use continues to grow rapidly, benefiting from improved domestic production and distribution, use of subsidies and, more recently, from improved input/output price relationships and the Government's willingness to import heavily to assure adequate supplies. Annual growth in fertilizer use slowed to about 9.4 percent in the 1970's, in part because of price increases, but it has picked up to more than 12 percent in the early 1980's. Fertilizer use per gross cropped hectare is still low—about 44 kilograms in 1983/84—but that is up sharply from about 31 in 1980/81 and 16 in 1974/75.

Data indicate that pesticide use and farm credit are also expanding more rapidly. Pesticide use, while still low, increased about 15 percent yearly in the early 1980's, compared with 6 percent during the 1970's. Total credit extended to farmers was about \$2.9 billion in 1983/84, implying annual real growth of 4 to 5 percent since 1980/81, compared with about 2.3 percent during the 1970's.

The Government has also intensified its efforts to achieve the yield potential of improved varieties by boosting production and distribution of certified seed, and by rapidly expanding the use of a highly successful extension method known as the "mini-kit." Under the mini-kit program, small quantities of improved cereal, pulse, and oilseed seed are provided to farmers, along with other inputs and intensive extension support, to encourage adoption of the full range of improved cultural practices.

Price Policies Balance Producers' and Consumers' Interests

Agricultural price policy in India has been generally successful in striking a balance between adequate producer price incentives and the pressing need to assure affordable food for many low-income consumers. For cereals, procurement (support) prices are established annually on the basis

Production and Growth Rates of Food Grains and Oilseeds in India

	Production			Growth rates ^{2/}		
	60/61	73/74	83/84	1960/61-83/84	1973/74-83/84	1980/81-84/85
	Million tons			Percent		
Food grains	82.0	104.7	151.6	2.7	3.0	4.0
Cereals	69.3	94.7	138.9	3.0	3.3	4.0
Wheat	11.0	21.8	45.1	6.7	6.5	6.2
Rice	34.6	44.1	59.8	2.2	2.5	3.2
Coarse gr.	23.7	28.8	34.0	1.2	.9	2.5
Pulses	12.7	10.0	12.7	.1	.9	3.7
Oilseeds ^{1/}	6.9	9.0	12.4	2.0	2.3	6.7
Peanuts	4.8	5.9	7.3	1.1	1.1	5.3
Rapeseed	1.3	1.7	2.6	2.7	2.7	8.2

^{1/} Includes peanuts, rapeseed, linseed, nigerseed, safflower, sesame, soybeans, and sunflower. ^{2/} Annual rate during period.

SOURCES: Government of India, USDA estimates.

of production costs and price movements of cereals and competing crops, and are supported by Government purchasing agents in primary markets.

To stabilize consumer prices, domestic and imported cereals are sold at subsidized prices through the public distribution system (PDS)—a network of about 311,000 retail outlets, primarily in urban areas. Annual distribution now ranges between 12 and 16 million tons, rising in poor production years when open market shortages push up prices. To meet the needs of the PDS in poor production years and, when necessary, to provide flexibility in the timing of imports, the Government is trying to maintain food grain stocks as of July 1st of this year at about 21 million tons. Periodic food grain exports have been primarily a short-term surplus management tool.

Although procurement costs for domestic cereals remain well below the landed costs of imports, large producer price rises are inhibited by the need to hold the line on consumer prices and control subsidy costs. In addition, planners believe, and most research supports the notion, that Indian farmers have only limited ability to respond to higher prices, particularly in the short term, because of weather and constraints on access to inputs. Policies have been highly successful in stabilizing consumer prices even in poor production years, and cereal prices have declined about 2 percent annually in real terms since 1970. Historically, producer prices have also tended to fall relative to the general price level and the cost of inputs, but this has generally been offset by productivity gains.

Since 1980, changes in output and input prices have tended to strengthen food grain producer incentives. This factor, along with good weather and improved input supplies, has likely contributed to recent large gains in production. Procurement price increases have been more in line with a generally lower rate of inflation. In addition, real fertilizer prices have declined. A 7.5-percent fertilizer price cut in 1983 has helped stimulate fertilizer use.

A byproduct of these price adjustments, however, has been a sharp increase in the cost of the fertilizer subsidy, to more than \$1 billion. And, despite increased retail prices for Government-procured cereals, record purchases to support prices and the high carrying costs on huge stocks have boosted the cost of the food grain subsidy to more than \$1.1 billion.

Another recent development is a plan to implement a crop insurance scheme for cereals, pulses, and oilseeds. Crop insurance could help raise production in rainfed areas by reducing the risk of investing in high-yielding technology.

Widespread Poverty Remains a Problem

Despite success in boosting production and maintaining affordable consumer prices, India has made little progress in improving dietary standards. Per capita consumption of cereals, which account for two-thirds of the diet, was about 164 kilograms in 1980-1982, almost the same as 20 years ago. Per capita pulse consumption was 10 kilograms lower than two decades earlier. Nearly 50 percent of the population lack the income to purchase a nutritionally adequate diet—a share that has changed little.

The underlying reason has been inadequate growth in effective demand—real per capita income grew at only about 1.4 percent per year between 1950 and 1980. Research indicates that development policies have not biased income gains against the poor—in fact, the distribution of income appears to be shifting gradually towards the poor. Although smaller farmers often adopt new methods more slowly, investments in irrigation and high-yielding technology have benefited both small and large farmers. These investments have also aided employment in rural areas, where 80 percent of India's poor live.

India's strategy has been to forego food grain imports that could boost consumption in the short term and, instead, use resources for investments that may bring permanent reductions in poverty. Major constraints to this strategy have been in mobilizing enough investment capital to speed economic growth, and in investing that capital efficiently—particularly in nonfarm sectors.

Record harvests achieved since 1980 have also raised per capita food grain availabilities to record levels. Given the strong historical relationship between poverty and food grain output, there have likely also been measurable gains against poverty and malnutrition.

Moreover, recent gains in the farm sector have sparked significantly higher growth in the overall economy. Over the last 5 years, India's real GDP has grown at an annual rate of 5.2 percent, and its real per capita income at about 3 percent, the highest sustained growth in recent history.

The main goal of India's seventh 5-year plan, covering 1986-1990, will be to sustain this stronger growth. Investments in agriculture will likely go where returns are highest, including eastern India, rainfed agriculture, minor irrigation, and improvements in irrigation efficiency. With an extensive farm infrastructure now in place, stronger price incentives may also play an increasingly important role in stimulating farm production.

In nonfarm sectors, policies will strive to boost productivity and efficiency in the use of capital by liberalizing imports of vital raw materials and technology, and by exposing Indian industry to more domestic and foreign competition. Expansion of both farm and nonfarm exports will also be critical to help generate investment resources. If these policies are successful, continued strong growth in food grain production and in the overall economy, coupled with efforts to distribute food grain surpluses among the rural poor, may lower poverty and raise dietary standards more by 1990.

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Statistical Indicators

Summary Data

Key statistical indicators of the food and fiber sector

	1984		1985				1986		
	IV	Annual	I	II	III F	IV F	Annual F	I F	Annual F
Prices received by farmers (1977=100)	136	142	135	129	124	127	129	--	--
Livestock & products	142	146	144	135	129	135	136	--	--
Crops	130	138	126	124	119	119	122	--	--
Prices paid by farmers, (1977=100)	152	155	154	152	149	150	151	--	--
prod. items									
Commodities & services, int., taxes, & wages	163	164	165	165	163	163	164	--	--
Cash receipts 1/ (\$ bil.)*	147	141	137	134-138	132-136	143-147	136-140	--	--
Livestock (\$ bil.)	73	73	72	67-71	64-68	68-72	67-71	--	--
Crops (\$ bil.)	74	69	65	65-69	65-69	68-72	67-71	--	--
Market basket (1967=100)									
Retail cost	279	279	284	282	283	284	283	--	--
Farm value	249	255	250	237	239	242	242	--	--
Spread	297	293	304	309	310	312	307	--	--
Farm value/retail cost (%)	33	34	33	31	32	32	32	--	--
Retail prices (1967=100)									
Food	304	303	309	309	310	312	310	--	--
At home	292	292	298	297	298	299	298	--	--
Away-from home	338	333	341	346	348	351	347	--	--
Agricultural exports (\$ bil.) 2/	10.0	38.0	8.9	6.7	6.4	9.0	32.0	--	--
Agricultural Imports (\$ bil.) 2/	4.7	18.9	4.7	5.5	5.1	4.7	20.0	--	--
Livestock & products									
Total livestock & products (1974=100)	116.1	114.9	112.4	120.0	119.3	116.5	117.1	112.7	115.8
Beef (mil. lb.)	5,936	23,418	5,691	5,917	6,100	5,625	23,333	5,375	21,775
Pork (mil. lb.)	3,957	14,720	3,618	3,741	3,525	3,825	14,709	3,525	14,375
Veal (mil. lb.)	128	479	119	120	120	110	469	100	405
Lamb & mutton (mil. lb.)	93	371	93	83	80	81	337	82	315
Red meats (mil. lb.)	10,114	38,988	9,521	9,861	9,825	9,641	38,848	9,082	36,870
Broilers (mil. lb.)	3,227	12,999	3,229	3,513	3,475	3,350	13,567	3,350	14,200
Turkeys (mil. lb.)	775	2,574	482	627	810	805	2,724	510	2,900
Total meats & poultry (mil. lb.)	14,116	54,561	13,232	14,001	14,110	13,796	55,139	12,942	53,970
Eggs (mil. dz.)	1,469	5,705	1,430	1,406	1,400	1,450	5,686	1,415	5,655
Milk (bil. lb.)	32.4	135.4	33.6	37.2	35.7	34.5	141.0	35.4	142.2
Choice steers, Omaha (\$/cwt.)	63.49	65.34	62.24	57.66	52.54	60.64	58.60	62.66	63.69
Barrows & gilts, 7 markets (\$/cwt.)	47.65	48.86	47.32	43.09	42.44	40.44	43.45	46.50	47.53
Broilers-wholesale, 12-city weighted avg. dressed (cts./lb.)	49.9	55.6	51.5	51.0	50.52	48.52	50.52	48.52	47.53
Turkeys-wholesale, N.E., 8-16 lb. hens, dressed (cts./lb.)	90.5	74.4	68.9	65.1	77-79	76-80	71-73	65-69	63-69
Eggs, N.Y. Gr. A large, (cts./dz.)	66.7	80.9	61.7	60.0	66-68	67-71	62-66	67-73	67-73
Milk, all at farm (\$/cwt.)	14.10	13.45	13.67	12.50	12.10-	12.50-	12.65-	12.35-	12.00-
					12.30	12.90	12.85	12.95	12.90
Crop prices at the farm 3/									
Wheat (\$/bu.)	3.42	3.38	3.38	3.27	-	-	3.05-3.25	--	--
Corn (\$/bu.)	2.59	2.65	2.64	2.67	-	-	2.35-2.55	--	--
Soybeans (\$/bu.)	5.97	5.85	5.84	5.73	-	-	5.15-5.35	--	--
Upland cotton (cts./lb.)	60.7	4/ 58.4	51.8	56.1	-	-	--	--	--

1/ Quarterly cash receipts are seasonally adjusted at annual rates. 2/ Annual data are based on Oct.-Sept. fiscal years ending with the indicated year. 3/ Quarterly prices are simple averages; annual prices are for marketing year beginning in year indicated. 4/ Through April 30, 1985 (weighted average). F = Forecast. Numbers may not add to totals due to rounding. *Seasonally adjusted at annual rates.

Farm Income

Farm income statistics

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985 F
\$ Bill.											
Receipts											
Cash receipts:											
Crops 1/	45.8	49.0	48.6	53.0	62.3	71.8	72.9	72.7	66.8	69.1	67 to 71
Livestock	43.1	46.3	47.6	59.2	69.2	68.0	69.2	70.3	69.4	72.7	67 to 71
Total	88.9	95.4	96.2	112.2	131.5	139.8	142.1	142.9	136.3	141.8	136 to 140
Other cash income 2/	1.8	1.8	3.0	4.9	3.6	3.5	4.4	6.1	11.8	11.4	8 to 12
Gross cash income	90.7	97.2	99.2	117.1	135.1	143.3	146.5	149.0	148.1	153.3	147 to 152
Nonmoney income 3/	6.5	7.3	8.4	9.2	11.7	12.2	13.7	14.0	13.1	12.9	11 to 13
Realized gross income	97.2	104.4	107.6	126.3	146.9	155.5	160.2	163.0	161.2	166.1	158 to 163
Value of inventory chg	3.4	-1.5	1.1	2.1	5.0	-5.9	5.8	-1.4	-10.6	7.8	-2 to 2
Total gross income	100.6	102.9	108.8	128.4	151.9	149.6	166.0	161.6	150.6	174.0	158 to 163
Expenses											
Cash expenses 4/	61.7	67.8	72.0	82.5	98.1	106.1	110.7	110.7	109.8	114.1	109 to 113
Total expenses	75.0	82.7	88.9	101.0	119.0	129.4	136.1	136.9	135.6	139.5	133 to 137
Income											
Net cash income	29.0	29.4	27.3	34.6	37.0	37.2	35.8	38.3	38.3	39.2	35 to 40
Total net farm income	25.5	20.2	19.9	27.4	32.9	20.2	29.8	24.6	15.0	34.5	23 to 27
Deflated total net farm income 5/	20.3	15.2	14.2	18.2	20.2	11.3	15.3	11.9	7.0	15.5	10 to 12
Off-farm income	23.9	26.7	26.1	29.7	33.8	35.1	36.9	37.9	38.8	40.0	39 to 43

F = Forecast. 1/ Includes net CCC loans. The 1978-1985 figures exclude sales of forest products. 2/ Income from machine hire and custom work, farm recreational income, and direct government payments. The 1978-1985 figures include sales of forest products and other misc. sources. 3/ Imputed gross rental value of farm dwellings and value of home consumption.

4/ Excludes depreciation of farm capital, perquisites to hired labor, and expenses associated with farm dwellings, and includes net rent to all landlords. 5/ Deflated by the GNP implicit price deflator, 1972=100. Totals may not add due to rounding.

Farm production¹

Item	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985 2/
1977=100										
Farm output	97	100	104	111	103	118	114	95	111	115
All livestock products 3/	99	100	101	104	108	109	107	109	107	109
Meat animals	100	100	100	103	107	106	101	103	101	100
Dairy products	98	100	99	101	105	108	110	114	110	115
Poultry & eggs	98	100	106	114	115	119	119	120	123	126
All crops 4/	92	100	102	113	101	116	118	88	110	115
Feed grains	96	100	108	116	97	121	124	67	115	129
Hay & forage	94	100	106	108	98	106	110	101	107	106
Food grains	107	100	93	108	121	144	140	117	129	119
Sugar crops	112	100	101	94	97	107	96	96	95	96
Cotton	74	100	76	102	79	109	85	54	90	95
Tobacco	112	100	106	80	93	108	104	74	90	80
Oil crops	74	100	105	129	99	114	124	89	106	116
Cropland used for crops	98	100	97	100	101	102	101	88	99	99
Crop production per acre	94	100	105	113	100	114	117	100	111	116

1/ For historical data and indexes, see Changes in Farm Production and Efficiency USDA Statistical Bulletin 657.

2/ Preliminary indexes for 1985 based on September 1985 Crop Production report and other releases of the Crop Reporting Board, SRS. 3/ Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. 4/ Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output.

Transportation Data

Rail rates; grain and fruit-vegetable shipments

	Annual			1984			1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July		
Rail freight rate index 1/												
(Dec 1984 = 100)												
All products	93.7	95.0	99.3	99.4	100.0	100.0	100.0	100.0 p	99.9 p	99.8 p	99.8 p	
Farm products	92.4	94.0	98.7	98.5	100.1	99.5	99.5	99.9 p	98.5 p	97.5 p	97.5 p	
Grain	93.4	94.0	98.6	98.4	100.0	99.3	99.3	99.3 p	97.5 p	96.4 p	96.4 p	
Food products	93.7	94.8	99.1	99.2	100.0	100.0	100.0	100.1 p	100.1 p	100.0 p	100.0 p	
Grain												
Rail carloadings (thou. cars) 2/	24.9	26.1	27.3	26.6	23.9	23.4	19.9	17.2	23.2	22.5		
Barge shipments (mil. bu.) 3/	41.2	40.8	37.2	33.7	30.0	34.2	34.4	25.4	26.0	27.0		
Fresh fruit & vegetable shipments												
Piggy back (thou. cwt.) 3/ 4/	387	545	568	607	519	602	641	852	764	630		
Rail (thou. cwt.) 3/ 4/	698	786	641	447	565	631	444	553	897	394		
Truck (thou. cwt.) 3/ 4/	7,849	7,786	7,861	8,734	6,786	7,334	8,584	10,023	10,419	8,530		

1/ Department of Labor, Bureau of Labor Statistics, revised March 1985. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1985. p = preliminary.

Farm Prices: Received and Paid

Indexes of prices received and paid by farmers, U.S. average

	Annual			1984			1985					
	1982	1983	1984	Aug	Mar	Apr	May	June	July	Aug p		
1977=100												
Prices received												
All farm products	133	134	142	143	134	131	129	128	126	122		
All crops	121	127	138	143	127	125	124	122	121	115		
Food grains	146	148	143	142	140	142	136	129	123	120		
Feed grains & hay	120	143	146	146	130	132	133	130	125	117		
Feed grains	120	146	148	150	131	133	132	130	126	117		
Cotton	92	104	108	111	90	92	90	95	96	90		
Tobacco	153	155	153	150	159	157	157	157	157	148		
Oil-bearing crops	88	102	109	100	90	90	88	87	84	78		
Fruit	175	122	197	245	175	172	180	185	184	175		
Fresh market 1/	186	123	214	274	185	182	193	198	197	185		
Commercial vegetables	126	130	135	140	153	122	113	100	128	135		
Fresh market	120	129	133	141	158	118	106	89	125	135		
Potatoes 2/	125	123	157	201	139	146	154	168	150	114		
Livestock & products	145	141	146	143	141	136	134	134	130	130		
Meat animals	155	147	151	152	148	144	143	142	136	135		
Dairy products	140	140	139	136	137	133	129	125	125	125		
Poultry & eggs	110	118	135	120	116	110	107	114	114	117		
Prices paid												
Commodities & services,												
interest, taxes, & wage rates	157	160	164	164	164	165	165	164	163	163		
Production items	150	153	155	154	153	153	152	151	150	149		
Feed	122	134	135	133	121	120	119	117	115	112		
Feeder livestock	164	160	154	152	164	162	158	155	147	146		
Seed	141	141	151	153	156	150	150	150	150	150		
Fertilizer	144	137	143	147	137	137	135	135	135	135		
Agricultural chemicals	119	125	128	129	128	126	128	128	128	128		
Fuels & energy	210	202	201	199	195	201	203	204	204	203		
Farm & motor supplies	152	152	147	147	147	147	147	147	146	145		
Autos & trucks	159	170	182	183	189	189	194	194	194	193		
Tractors & self-propelled machinery	165	174	181	182	180	180	177	177	177	177		
Other machinery	160	171	180	182	182	182	184	184	184	184		
Building & fencing	135	138	138	137	136	136	136	136	136	136		
Farm services & cash rent	145	146	148	148	152	152	152	152	152	152		
Interest payable per acre on farm real estate debt	241	250	251	251	250	250	250	250	250	250		
Taxes payable per acre on farm real estate	124	129	132	132	135	135	135	135	135	135		
Wage rates (seasonally adjusted)	144	148	150	152	150	158	158	158	154	154		
Production items, interest, taxes, & wage rates	155	159	161	161	160	160	159	157	157	157		
Prices received (1910-14=100)	609	614	649	653	611	598	590	585	575	559		
Prices paid, etc. (Parity index) (1910-14=100)	1,078	1,104	1,127	1,128	1,130	1,133	1,133	1,129	1,124	1,120		
Parity ratio 3/	57	56	58	58	54	53	52	52	51	50		

1/ Fresh market for noncitrus and fresh market and processing for citrus. 2/ Includes sweetpotatoes and dry edible beans. 3/ Ratio of index of prices received to index of prices paid, taxes, and wage rates. (1910-14=100). p = preliminary.

Prices received by farmers, U.S. average

	Annual*			1984		1985					
	1982	1983	1984	Aug	Mar	Apr	May	June	July	Aug p	
Crops											
All wheat (\$/bu.)	3.52	3.58	3.46	3.43	3.38	3.43	3.29	3.09	2.93	2.86	
Rice, rough (\$/cwt.)	8.36	8.31	8.32	8.22	8.17	8.20	7.91	7.83	7.54	7.49	
Corn (\$/bu.)	2.37	2.99	3.05	3.13	2.66	2.70	2.67	2.63	2.60	2.39	
Sorghum (\$/cwt.)	4.00	4.89	4.60	4.59	4.23	4.46	4.55	4.53	4.05	4.14	
All hay, baled (\$/ton)	69.17	73.66	76.08	71.70	72.50	73.40	78.90	71.80	68.80	66.90	
Soybeans (\$/bu.)	5.78	6.73	7.02	6.50	5.88	5.87	5.70	5.62	5.42	5.05	
Cotton, Upland (cts./lb.)	55.5	62.9	65.5	67.4	54.5	55.9	54.7	57.5	58.0	54.5	
Potatoes (\$/cwt.)	5.10	4.97	6.45	8.77	5.48	5.79	6.18	6.94	6.04	4.37	
Dry edible beans (\$/cwt.)	16.82	18.22	20.43	21.10	19.10	19.80	19.80	19.20	19.80	18.90	
Apples for fresh use (cts./lb.)	15.3	13.2	16.7	18.3	15.0	14.9	13.6	12.3	17.5	18.2	
Pears for fresh use (\$/ton)	300	280	218	237	381	437	518	—	—	278	
Oranges, all uses (\$/box) 1/	6.61	3.36	9.01	13.34	7.12	7.06	8.06	7.78	5.72	4.74	
Grapefruit, all uses (\$/box) 1/	2.06	1.99	3.05	2.85	2.88	3.39	2.86	4.19	5.86	5.13	
Livestock											
Beef cattle (\$/cwt.)	57.00	55.83	57.56	56.60	57.30	56.20	55.30	53.60	50.20	50.50	
Calves (\$/cwt.)	60.18	62.13	60.23	59.10	65.90	65.40	65.60	62.60	60.00	60.20	
Hogs (\$/cwt.)	53.99	46.23	47.61	50.50	43.60	41.20	41.40	44.60	45.80	43.40	
Lambs (\$/cwt.)	54.55	55.47	60.33	61.00	68.00	68.40	72.40	69.70	70.80	70.10	
All milk, sold to plants (\$/cwt.)	13.59	13.57	13.45	13.20	13.30	12.90	12.50	12.10	12.10	12.10	
Milk, manuf. grade (\$/cwt.)	12.66	12.63	12.54	12.20	12.30	11.90	11.60	11.30	11.00	11.00	
Broilers (cts./lb.)	26.8	28.5	33.7	30.6	30.1	28.8	29.1	31.1	30.6	28.7	
Eggs (cts./doz.) 2/	58.5	63.1	70.2	59.0	57.6	53.0	50.0	53.2	52.8	57.8	
Turkeys (cts./lb.)	37.5	36.5	46.6	45.4	40.7	40.3	39.4	41.4	44.6	48.3	
Wool (cts./lb.) 3/	68.0	61.5	76.5	78.5	72.2	74.8	74.6	72.5	67.9	62.5	

1/ Equivalent on-tree returns. 2/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail.

3/ Average local market price, excluding incentive payments. *Calendar year averages. p = preliminary.

Producer and Consumer Prices

Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)

	Annual		1984						1985			
	1984	July	Dec	Jan	Feb	Mar	Apr	May	June	July		
1967=100												
Consumer price index, all items	311.1	311.7	315.5	316.1	317.4	318.8	320.1	321.3	322.3	322.8		
Consumer price index, less food	311.3	312.0	316.2	316.3	317.4	319.1	320.8	322.4	323.6	324.2		
All food	302.9	303.2	305.1	307.3	309.5	309.7	309.6	308.9	309.3	309.5		
Food away from home	333.4	334.4	339.2	339.9	341.4	342.6	343.9	345.1	346.9	347.3		
Food at home	292.6	292.5	293.2	296.1	298.6	298.4	297.7	296.2	296.0	296.2		
Meats 1/	268.1	267.3	269.6	270.8	270.6	269.5	266.4	263.4	263.0	262.7		
Beef & veal	275.6	272.1	276.2	276.4	275.6	275.3	273.7	269.0	267.4	264.7		
Pork	252.5	255.5	254.6	258.5	258.9	256.5	249.0	247.8	248.6	253.1		
Poultry	218.5	221.3	213.8	217.4	219.5	217.3	216.7	213.6	216.0	214.7		
Fish	386.8	387.0	392.2	406.1	401.4	403.3	402.8	395.8	397.2	402.7		
Eggs	209.0	182.7	185.7	161.3	169.7	172.1	169.9	159.9	158.3	168.4		
Dairy products 2/	253.2	252.2	258.4	258.8	259.2	258.9	258.3	258.4	257.8	257.8		
Fats & oils 3/	288.0	291.4	293.7	295.9	295.1	294.9	294.0	294.0	296.0	297.8		
Fruits & vegetables	317.4	320.0	309.7	320.8	333.0	332.1	333.2	330.3	329.0	328.9		
Fresh	330.3	332.4	312.6	332.7	354.1	352.1	353.5	346.9	343.9	343.1		
Processed	306.1	309.2	309.3	310.6	312.7	313.0	313.8	315.0	315.5	316.1		
Cereals & bakery products	305.3	306.6	310.7	312.4	313.7	314.4	314.8	315.9	317.3	317.3		
Sugar & sweets	389.1	391.8	391.7	394.5	394.8	394.8	396.1	397.6	398.3	400.2		
Beverages, nonalcoholic	443.0	442.7	443.4	449.4	452.7	454.0	454.0	454.1	451.5	448.2		
Apparel commodities less footwear	183.2	178.9	185.9	181.9	183.7	187.6	188.2	187.3	186.3	184.1		
Footwear	209.5	208.0	211.4	208.6	210.1	213.1	213.2	213.2	213.9	211.4		
Tobacco products	310.0	313.2	314.6	321.0	323.2	323.7	324.0	324.1	324.8	330.0		
Beverages, alcoholic	222.1	222.5	223.9	224.3	225.8	226.5	226.7	227.7	227.8	227.8		

1/ Beef, veal, lamb, pork, and processed meat. 2/ Includes butter. 3/ Excludes butter.

Producer price indexes, U.S. average (not seasonally adjusted)

Producer price indexes, U.S. average (not seasonally adjusted)

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July	
	1967=100										
Finished goods 1/	280.7	285.2	291.1	292.3	292.6	292.1	293.1	294.2	293.9	294.8	
Consumer foods	259.3	261.8	273.3	275.3	275.6	273.7	272.4	269.7	268.5	271.7	
Fresh fruit	236.9	251.2	252.8	252.2	285.1	248.7	258.1	244.3	242.1	239.2	
Fresh & dried vegetables	246.5	248.9	278.3	284.8	272.8	282.7	274.9	237.9	245.3	286.6	
Eggs	178.7	n.a.	210.8	184.9	161.5	167.6	175.1	150.2	147.7	164.0	
Bakery products	275.4	285.7	299.0	300.7	308.9	309.1	308.9	309.6	311.4	313.3	
Meats	250.6	236.7	236.7	244.7	234.5	230.2	222.7	222.2	224.2	228.9	
Beef & veal	245.0	236.7	236.9	236.5	234.9	227.8	220.1	217.3	218.9	214.4	
Pork	251.1	227.6	226.2	252.5	220.6	218.2	208.0	211.6	216.1	238.7	
Poultry	178.7	185.0	206.1	208.3	196.1	193.3	187.7	189.7	196.5	197.3	
Fish	422.4	448.2	485.3	450.3	527.7	527.4	537.6	533.9	437.3	463.0	
Dairy products	248.9	250.6	251.7	251.4	254.1	253.4	251.4	250.1	249.4	248.0	
Processed fruits & vegetables	274.5	277.4	294.3	296.2	295.4	300.2	298.7	297.7	300.7	299.1	
Shortening & cooking oils	234.4	256.1	311.5	320.2	303.9	307.3	310.3	310.5	307.6	301.4	
Consumer finished goods less foods	287.8	291.4	294.1	295.0	293.5	293.7	295.8	299.1	298.8	299.0	
Beverages, alcoholic	197.8	205.0	209.9	211.1	210.1	210.5	210.3	213.6	211.4	214.7	
Soft drinks	319.1	327.4	340.5	340.8	350.3	348.6	347.4	346.1	342.4	343.3	
Apparel	194.4	197.4	201.1	201.6	203.2	203.3	203.6	203.6	203.8	204.1	
Footwear	245.0	250.1	251.2	250.1	256.6	255.5	255.3	253.9	257.5	257.2	
Tobacco products	323.2	365.4	399.5	408.7	420.4	420.6	420.7	420.7	420.7	435.9	
Intermediate materials 2/	310.4	312.3	320.0	321.7	318.7	318.6	319.4	319.9	319.3	318.6	
Materials for food manufacturing	255.1	258.4	271.1	276.4	265.3	263.9	263.3	261.3	262.1	260.6	
Flour	183.4	186.4	185.2	188.5	186.9	186.0	189.8	184.3	182.3	179.1	
Refined sugar 3/	161.3	172.0	173.5	174.2	165.1	165.6	165.2	166.1	166.4	165.7	
Crude vegetable oils	160.1	193.8	262.1	277.6	239.9	246.0	276.6	255.8	266.4	239.0	
Crude materials 4/	319.5	323.6	330.8	334.1	318.1	312.3	311.3	310.0	305.5	303.7	
Foodstuffs & foodstuffs	247.8	252.2	259.5	263.6	250.0	242.9	240.5	237.0	234.0	231.9	
Fruits & vegetables 5/	253.7	262.1	278.1	281.9	289.2	277.7	277.8	250.9	254.0	275.4	
Grains	210.9	240.4	239.7	248.9	217.2	216.1	220.6	214.1	212.7	204.9	
Livestock	257.8	243.1	251.8	260.1	249.7	236.6	231.3	227.7	226.7	224.0	
Poultry, live	191.9	206.5	240.6	259.2	222.4	215.5	202.3	214.6	223.6	227.6	
Fibers, plant & animal	202.9	227.0	228.4	235.8	200.6	200.4	211.3	202.8	199.1	201.7	
Milk	282.5	282.0	278.3	273.9	281.0	278.4	271.1	264.9	259.6	256.1	
Oilseeds	214.5	245.3	253.3	249.8	211.7	213.0	219.4	214.7	211.4	206.7	
Coffee, green	311.5	300.1	308.0	310.2	310.2	310.2	310.2	310.2	310.2	310.2	
Tobacco, leaf	269.9	274.2	272.7	261.0	258.5	280.0	279.1	276.4	276.4	276.4	
Sugar, raw cane	278.5	315.9	312.0	315.4	293.6	298.0	298.5	301.9	305.2	303.0	
All commodities	299.3	303.1	310.3	311.9	309.1	308.6	309.3	309.9	309.5	309.0	
Industrial commodities	312.3	315.7	322.6	323.9	322.2	322.5	323.8	325.3	325.2	324.3	
All foods 6/	254.4	257.5	269.2	271.7	269.6	268.4	267.1	264.3	262.6	265.5	
Farm products 8											
processed foods & feeds	248.9	253.9	262.4	264.9	258.0	254.6	253.3	250.6	249.1	250.0	
Farm products	242.4	248.2	255.8	258.7	245.3	238.8	236.9	230.4	229.4	229.2	
Processed foods & feeds	251.5	255.9	265.0	267.3	263.9	262.3	261.2	260.6	258.8	260.3	
Cereal & bakery products	253.8	261.0	270.5	272.3	277.7	277.8	278.2	277.6	278.7	279.2	
Sugar & confectionery	269.7	292.8	301.2	305.0	291.1	292.5	292.8	293.6	294.7	293.9	
Beverages	256.9	263.6	273.1	273.9	277.5	277.1	277.2	277.9	274.4	276.4	

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. 4/ Products entering market for the first time which have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). n.a. = not available.

Farm-Retail Price Spreads

Market basket of farm foods

	Annual			1984		1985				
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July
Market basket 1/										
Retail cost (1967=100)	266.4	268.7	279.3	279.0	284.8	284.2	283.3	281.9	281.8	282.3
Farm value (1967=100)	247.8	242.3	255.7	256.8	250.5	248.2	239.5	234.1	237.1	233.1
Farm-retail spread (1967=100)	277.4	284.3	293.1	292.1	305.0	305.2	309.1	310.1	307.1	311.2
Farm value/retail cost (%)	34.4	33.4	33.9	34.1	32.6	32.4	31.3	30.7	31.3	30.6
Meat products										
Retail cost (1967=100)	270.3	267.2	268.1	267.3	270.6	269.5	266.4	263.4	263.0	257.8
Farm value (1967=100)	251.3	235.8	241.6	247.3	242.0	234.2	220.6	215.1	220.2	209.2
Farm-retail spread (1967=100)	292.4	304.0	299.0	290.7	304.1	310.8	320.0	319.9	313.1	325.4
Farm value/retail cost (%)	50.2	47.6	48.6	49.9	48.2	46.9	44.7	44.1	45.2	43.0
Dairy products										
Retail cost (1967=100)	247.0	250.0	253.2	252.2	259.2	258.9	258.3	258.4	257.8	257.8
Farm value (1967=100)	261.9	262.1	259.0	257.0	261.0	257.6	254.0	248.5	254.1	245.8
Farm-retail spread (1967=100)	233.9	239.3	248.0	248.0	257.6	260.0	262.1	267.4	261.0	268.4
Farm value/retail cost (%)	49.6	49.0	47.8	47.6	47.1	46.5	46.0	44.9	46.1	44.6
Poultry										
Retail cost (1967=100)	194.9	197.5	218.5	221.3	219.5	217.3	216.7	213.6	216.0	214.7
Farm value (1967=100)	201.9	213.0	251.7	259.5	228.2	224.7	216.9	217.3	231.4	232.8
Farm-retail spread (1967=100)	188.1	182.4	186.4	184.4	211.1	210.2	216.5	210.0	201.1	197.2
Farm value/retail cost (%)	50.7	53.1	56.6	57.7	51.1	50.8	49.2	50.0	52.7	53.3
Eggs										
Retail cost (1967=100)	178.7	187.1	209.0	182.7	169.7	172.1	169.9	159.9	158.3	168.4
Farm value (1967=100)	189.8	206.1	229.6	189.2	159.8	180.6	161.6	149.4	163.2	162.1
Farm-retail spread (1967=100)	162.7	159.5	179.2	173.3	184.0	159.8	181.9	175.0	151.2	177.5
Farm value/retail cost (%)	62.8	65.1	64.9	61.2	55.7	62.0	56.2	55.2	60.9	56.9
Cereal & bakery products										
Retail cost (1967=100)	283.4	292.5	305.3	306.6	313.7	314.4	314.8	315.9	317.3	317.3
Farm value (1967=100)	178.8	186.6	191.9	188.5	183.8	188.1	188.2	182.1	177.4	170.2
Farm-retail spread (1967=100)	305.1	314.0	328.8	331.0	340.6	340.5	341.0	343.6	346.2	347.7
Farm value/retail cost (%)	10.8	11.1	10.8	10.5	10.0	10.3	10.2	9.9	9.6	9.2
Fresh fruits										
Retail cost (1967=100)	323.2	303.6	345.3	364.2	382.9	381.2	383.1	404.4	401.7	394.9
Farm value (1967=100)	288.8	220.6	315.1	309.5	338.7	293.6	275.7	275.7	285.3	285.4
Farm-retail spread (1967=100)	338.7	340.8	358.9	388.7	402.7	420.5	431.3	452.1	447.9	444.0
Farm value/retail cost (%)	27.7	22.5	28.3	26.3	27.4	23.9	22.3	23.0	23.0	22.4
Fresh vegetables										
Retail costs (1967=100)	288.9	299.3	331.8	318.8	346.3	342.0	340.8	314.3	309.5	317.9
Farm value (1967=100)	261.3	267.4	299.3	315.9	256.6	305.5	291.8	249.1	240.6	309.5
Farm-retail spread (1967=100)	301.8	314.3	347.1	320.2	389.4	359.2	363.8	344.9	341.9	321.8
Farm value/retail cost (%)	28.9	28.6	28.9	31.7	23.5	28.6	27.4	25.3	24.9	31.1
Processed fruits & vegetables										
Retail cost (1967=100)	286.0	288.8	306.1	309.2	312.7	313.0	313.8	315.0	315.5	316.1
Farm value (1967=100)	321.1	300.5	343.2	347.4	369.4	373.8	375.4	377.1	377.2	377.7
Farm-retail spread (1967=100)	278.2	286.2	297.8	300.8	300.1	299.5	300.2	301.1	301.8	302.3
Farm value/retail costs (%)	20.4	18.9	20.3	20.4	21.4	21.6	21.7	21.7	21.7	21.7
Fats & oils										
Retail cost (1967=100)	259.9	263.1	288.0	291.4	295.1	294.9	294.0	294.0	296.0	297.8
Farm value (1967=100)	207.8	251.0	324.5	325.6	302.8	313.3	323.4	322.1	320.9	294.0
Farm-retail spread (1967=100)	279.9	267.8	273.9	278.3	292.1	287.8	282.7	283.2	286.4	299.3
Farm value/retail cost (%)	22.2	26.5	31.3	31.0	28.5	29.5	30.6	30.4	30.1	27.4

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods.

Note: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditure, Statistical Bulletin 713, ERS, USDA.

Farm retail price spreads

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July	
Beef, Choice											
Retail price 1/ (cts./lb.)	242.5	238.1	239.6	236.3	238.7	238.6	236.8	234.4	232.0	230.6	
Net carcass value 2/ (cts.)	150.7	145.4	147.6	148.5	144.3	137.0	132.9	133.0	131.2	122.6	
Net farm value 3/ (cts.)	140.5	136.2	140.0	140.9	137.2	129.7	127.0	125.4	122.9	114.0	
Farm-retail spread (cts.)	102.0	101.9	99.6	95.4	101.5	108.9	109.8	109.0	109.1	116.6	
Carcass-retail spread 4/ (cts.)	91.8	92.7	92.0	87.8	94.4	101.6	103.9	101.4	100.8	108.0	
Farm-carcass spread 5/ (cts.)	10.2	9.2	7.6	7.6	7.1	7.3	5.9	7.6	8.3	6.6	
Farm value/retail price (%)	58	57	58	60	57	54	54	53	53	49	
Pork											
Retail price 1/ (cts./lb.)	175.4	169.8	162.0	162.2	165.6	164.7	159.3	158.7	157.9	161.7	
Wholesale value 2/ (cts.)	121.8	108.9	110.1	117.9	106.9	102.0	97.2	99.6	106.3	99.9	
Net farm value 3/ (cts.)	88.0	76.5	77.4	85.9	77.5	69.6	65.8	67.8	73.6	74.6	
Farm-retail spread (cts.)	87.4	93.3	84.6	76.3	88.1	95.1	93.5	90.9	84.3	87.1	
Wholesale-retail spread 4/ (cts.)	53.6	60.9	51.9	44.3	58.7	62.7	62.1	59.1	51.6	61.8	
Farm-wholesale spread 5/ (cts.)	33.8	32.4	32.7	32.0	39.4	32.4	31.4	31.8	32.7	25.3	
Farm value/retail price (%)	50	45	48	53	47	42	41	43	47	46	

1/ Estimated weighted average price of retail cuts from pork and yield grade 3 beef carcasses. Retail prices from BLS.

2/ Value of carcass quantity equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts.

3/ Market value to producer for quantity of live animal equivalent to 1 lb. retail cuts minus value of byproducts.

4/ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. 5/ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Livestock and Products

Poultry and eggs

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July	
Broilers											
Federally inspected slaughter, certified (mil. lb.)	12,039	12,389	12,999	1,102.7	991.3	1,082.6	1,196.6	1,221.5	1,094.8	1,178.4	
Wholesale price, 9-city, (cts./lb.) 1/	44.0	49.4	55.6	57.3	51.9	49.7	47.8	50.9	53.4	52.2	
Price of grower feed (\$/ton)	210	223	233	233	215	214	207	199	196	196	
Broiler-feed price ratio (lb.) 2/	2.6	2.6	2.8	3.0	2.8	2.8	2.8	2.9	3.1	3.1	
Stocks beginning of period (mil. lb.)	32.6	22.3	21.2	17.4	21.7	22.9	24.1	26.2	27.4	28.5	
Avg. weekly placements of broiler chicks, 19 States (mil.)	80.2	80.4	83.1	84.2	86.3	89.2	90.3	90.1	90.4	86.9	
Turkeys											
Federally inspected slaughter, certified (mil. lb.)	2,459	2,563	2,574	242.3	147.8	176.3	177.1	212.3	237.6	267.4	
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	60.8	60.5	74.4	68.6	65.6	67.0	64.6	62.6	68.1	72.8	
Price of turkey grower feed (\$/ton)	229	247	245	246	216	220	214	212	211	210	
Turkey-feed price ratio (lb.) 2/	3.3	3.0	3.8	3.6	3.9	3.7	3.8	3.7	3.9	4.2	
Stocks beginning of period (mil. lb.)	238.4	203.9	161.8	226.3	124.1	131.5	131.1	157.0	181.7	243.3	
Poults placed in U.S. (mil.)	(4/)	181.8	190.0	18.7	16.3	18.6	20.5	21.9	20.1	19.4	
Eggs											
Farm production (mil.)	69,680	68,169	68,193	5,747	5,292	5,919	5,668	5,721	5,481	5,655	
Average number of layers (mil.)	286	276	278	275	280	277	274	271	269	271	
Rate of lay (eggs per layer on farms)	243	247	245	20.9	18.9	21.4	20.7	21.1	20.3	20.9	
Cartoned price, New York, grade A large (cts./doz.) 3/	70.1	75.2	80.9	71.5	58.1	65.5	59.9	55.7	64.4	60.2	
Price of laying feed (\$/ton)	190	204	206	209	189	186	186	183	182	181	
Egg-feed price ratio (lb.) 2/	6.1	6.2	6.8	5.8	5.6	6.2	5.7	5.5	5.8	5.8	
Stocks, first of month											
Shell (thou. cases)	34	34	13	42	30	29	23	26	30	21	
Frozen (mil. lb.)	21.6	25.4	11.8	16.4	14.9	13.9	13.5	13.2	15.1	14.8	
Replacement chicks hatched (mil.)	444	407	459	38.4	28.5	37.0	41.1	39.1	34.0	31.8	

1/ 12-city composite weighted average beginning April 25, 1983. 2/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 3/ Price of cartoned eggs to volume buyers for delivery to retailers. 4/ Not reported.

Dairy

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July	
Milk prices, Minnesota-Wisconsin, 3.5% fat (\$/cwt.) 1/	12.49	12.49	12.29	12.17	12.21	11.95	11.62	11.46	11.20	11.10	
Price of 16% dairy ration (\$/ton)	177	188	191	192	174	172	171	170	168	168	
Milk-feed price ratio (lb.) 2/	1.54	1.45	1.42	1.35	1.57	1.55	1.51	1.47	1.44	1.44	
Wholesale prices											
Butter, Grade A Chi. (cts./lb.)	147.7	147.3	148.8	155.6	141.2	141.2	141.9	141.9	141.9	141.5	
Am. cheese, Wis. assembly pt. (cts./lb.)	138.3	138.3	138.0	136.7	134.3	132.0	129.9	128.0	126.7	124.7	
Nonfat dry milk, (cts./lb.) 3/	93.2	93.2	90.9	90.7	90.6	89.7	84.5	84.5	83.3	81.4	
USDA net removals											
Total milk equiv. (mil. lb.) 4/	14,281.6	16,813.7	8,644.7	529.0	1,383.9	1,354.3	1,496.4	1,451.2	1,289.6	1,158.9	
Butter (mil. lb.)	382.0	413.2	202.6	1.6	44.6	34.2	36.6	42.1	29.2	20.2	
Am. cheese (mil. lb.)	642.5	832.8	447.3	49.9	46.1	65.1	74.4	58.3	69.1	74.7	
Nonfat dry milk (mil. lb.)	948.1	1,061.0	678.4	64.3	54.9	63.9	86.8	94.5	109.3	104.7	
Milk											
Total milk production (mil. lb.)	135,505	139,672	135,444	11,485	10,566	11,857	12,007	12,790	12,434	12,403	
Milk per cow (lb.)	12,306	12,585	12,495	1,064	977	1,094	1,101	1,164	1,128	1,120	
Number of milk cows (thou.)	11,011	11,098	10,840	10,796	10,811	10,839	10,903	10,984	11,025	11,070	
Stocks, beginning 4/											
Total (mil. lb.)	18,377	20,054	22,646	23,332	15,812	15,667	15,510	15,023	15,480	16,045	
Commercial (mil. lb.)	5,398	4,603	5,234	5,610	5,119	5,101	4,970	4,977	5,323	5,525	
Government (mil. lb.)	12,980	15,451	17,412	17,722	10,693	10,566	10,540	10,046	10,157	10,520	
Imports, total (mil. lb.) 4/	2,477	2,616	2,741	274	249	180	186	177	224	196	
Commercial disappearance milk equiv. (mil. lb.)	122,135	122,474	126,763	11,006	9,204	10,543	10,468	10,972	10,974	11,284	
Butter											
Production (mil. lb.)	1,257.0	1,299.2	1,103.3	72.7	107.5	107.1	110.8	112.9	97.3	94.7	
Stocks, beginning (mil. lb.)	429.2	466.8	499.4	516.7	277.3	289.4	291.7	272.7	283.2	286.8	
Commercial disappearance (mil. lb.)	897.3	881.7	902.3	70.6	60.5	75.5	70.7	65.4	68.9	73.4	
American cheese											
Production (mil. lb.)	2,752.3	2,927.7	2,648.2	218.8	201.7	230.9	251.2	271.5	265.5	251.4	
Stocks, beginning (mil. lb.)	889.1	981.4	1,161.5	1,183.9	936.1	897.7	874.0	857.2	878.0	925.0	
Commercial disappearance (mil. lb.)	2,166.8	2,083.3	2,253.6	179.3	163.0	177.6	192.1	193.7	178.9	190.5	
Other cheese											
Production (mil. lb.)	1,789.4	1,891.8	2,025.5	161.1	153.6	180.7	172.6	179.7	175.8	177.9	
Stocks, beginning (mil. lb.)	86.6	82.8	104.9	104.3	103.2	100.4	101.3	106.8	108.0	107.3	
Commercial disappearance (mil. lb.)	2,044.6	2,134.3	2,310.9	187.9	178.4	198.7	185.6	198.8	201.4	195.2	
Nonfat dry milk											
Production (mil. lb.)	1,400.5	1,499.9	1,158.9	106.6	91.1	104.6	126.0	139.9	143.2	141.5	
Stocks, beginning (mil. lb.)	889.7	1,282.0	1,394.9	1,421.2	1,150.3	1,119.8	1,095.1	1,075.0	1,084.8	1,069.8	
Commercial disappearance (mil. lb.)	447.7	459.9	496.0	44.0	34.9	34.3	33.6	36.3	19.9	44.5	
Frozen dessert production (mil. gal.) 5/	1,178.2	1,224.2	1,230.4	128.3	80.7	100.5	107.0	122.2	125.3	136.6	

1/ Manufacturing grade milk. 2/ Pounds of 16% protein ration equal in value to 1 pound of milk. 3/ Prices paid f.o.b. Central States production area, high heat spray process. 4/ Milk-equivalent, fat-basis. 5/ Ice cream, ice milk, and sherbet. n.a. = not available.

Wool

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July	
U.S. wool price, Boston 1/ (cts./lb.)	247	212	229	230	195	185	182	191	193	193	
Imported wool price, Boston 2/ (cts./lb.)	262	248	241	231	210	200	183	190	190	195	
U.S. mill consumption, scoured											
Apparel wool (thou. lb.)	105,857	126,729	128,982	8,200	8,281	9,825	8,765	9,284	10,667	n.a.	
Carpet wool (thou. lb.)	9,825	13,851	13,088	841	1,205	1,462	977	963	764	n.a.	

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4" and up.
2/ Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents. n.a. = not available.

Meat animals

	Annual			1984		1985					
	1982	1983	1984	July	Feb.	Mar	Apr	May	June	July	
Cattle on feed (7-States)											
Number on feed (thou. head) 1/	7,201	8,316	8,006	7,125	8,169	7,877	7,814	7,495	7,444	7,052	
Placed on feed (thou. head)	20,261	19,727	20,772	1,323	1,342	1,594	1,417	1,666	1,267	1,073	
Marketings (thou. head)	18,007	18,680	18,785	1,553	1,540	1,559	1,603	1,589	1,572	1,670	
Other disappearance (thou. head)	1,139	1,354	1,376	84	94	98	133	128	87	61	
Beef steer-corn price ratio, Omaha (bu.) 2/	26.5	20.6	21.6	20.4	24.1	22.2	21.5	21.5	21.0	20.6	
Hog-corn price ratio, Omaha (bu.) 2/	22.9	15.9	16.1	16.6	18.7	16.4	15.2	15.7	16.9	17.9	
Market prices (\$ per cwt.)											
Slaughter cattle:											
Choice steers, Omaha	64.22	62.37	65.34	65.79	62.80	59.58	58.72	58.58	56.69	53.26	
Utility cows, Omaha	39.96	39.35	39.81	41.48	42.79	43.16	42.30	41.97	39.38	36.10	
Choice vealers, S. St. Paul	77.70	72.97	63.95	58.12	62.19	60.00	60.00	60.00	63.44	62.25	
Feeder cattle:											
Choice, Kansas City, 600-700 lb.	64.82	63.70	65.28	63.80	69.08	67.40	68.60	67.04	65.40	60.76	
Slaughter hogs:											
Barrows & gilts, 7-markets	55.44	47.71	48.86	54.04	48.98	43.93	41.41	42.17	45.68	46.99	
Feeder pigs:											
S. No. 40-50 lb. (per head)	51.14	34.03	39.12	34.27	44.02	46.31	43.67	39.39	36.74	31.74	
Slaughter sheep & lambs:											
Lambs, Choice, San Angelo	56.44	57.40	62.18	59.83	67.58	70.12	72.50	73.32	63.88	71.50	
Ewes, Good, San Angelo	21.80	16.85	20.90	18.00	35.12	37.12	31.97	30.10	32.88	37.94	
Feeder lambs:											
Choice, San Angelo	53.31	54.87	61.02	54.25	72.06	73.25	65.50	74.25	71.84	73.82	
Wholesale meat prices, Midwest											
Choice steer beef, 600-700 lb.	101.31	97.83	98.01	101.26	97.42	92.00	89.20	89.52	88.48	82.22	
Canner & Cutter cow beef	78.96	78.48	74.70	75.88	80.52	80.94	77.22	78.06	75.41	73.32	
Pork loins, 8-14 lb. 3/	111.51	--	96.36	114.92	93.49	84.22	79.90	84.03	90.59	96.85	
Pork bellies, 12-14 lb.	76.54	60.58	60.08	64.75	64.14	64.25	58.83	58.64	70.15	62.53	
Hams, skinned, 14-17 lb.	91.47	75.60	78.22	73.46	74.11	70.44	65.18	63.07	63.44	65.79	
Commercial slaughter (thou. head)*											
Cattle	35,843	36,649	37,570	3,127	2,776	2,882	2,971	3,173	2,878	3,139	
Steers	17,277	17,486	17,474	1,441	1,291	1,349	1,377	1,553	1,434	1,523	
Heifers	10,394	10,758	10,691	935	856	905	979	981	873	987	
Cows	7,354	7,597	8,617	681	578	569	554	567	509	562	
Bulls & stags	818	808	788	70	51	59	61	72	62	67	
Calves	3,021	3,076	3,292	278	253	279	270	264	235	291	
Sheep & lambs	6,449	6,619	6,758	529	484	578	534	509	438	502	
Hogs	82,190	87,584	85,156	6,007	6,397	7,134	7,381	7,563	6,394	6,600	
Commercial production (mil. lb.)											
Beef	22,366	23,058	23,410	1,936	1,768	1,857	1,935	2,088	1,894	2,059	
Veal	423	429	477	40	37	40	41	42	37	43	
Lamb & mutton	356	368	372	28	28	33	30	29	24	28	
Pork	14,121	15,120	14,718	1,041	1,105	1,232	1,288	1,328	1,125	1,146	
Annual			1984		1985						
1982	1983	1984	I	II	III	IV	V	VI	II	III	

Cattle on feed (13-States)											
Number on feed (thou. head) 1/	9,028	10,271	9,908	9,908	9,340	8,700	9,000	10,635	9,676	8,660	
Placed on feed (thou. head)	24,414	23,776	24,884	5,511	5,562	6,252	7,559	5,321	5,186	—	
Marketings (thou. head)	21,799	22,548	22,525	5,714	5,620	5,684	5,507	5,907	5,763	5/	5,978
Other disappearance (thou. head) 1/	1,373	1,591	1,632	365	582	268	417	373	439	—	
Hogs & pigs (10-States) 4/											
Inventory (thou. head) 1/	42,890	44,150	42,420	44,150	40,070	41,915	43,180	42,420	39,530	41,450	
Breeding (thou. head) 1/	5,708	5,638	5,348	5,638	5,446	5,771	5,550	5,348	5,215	5,397	
Market (thou. head) 1/	37,182	38,512	37,072	38,512	34,624	36,144	37,630	37,072	34,315	36,053	
Farrowings (thou. head)	9,062	9,735	9,020	1,964	2,481	2,259	2,316	1,935	2,420	3/	2,149
Pig crop (thou. head)	66,797	72,733	67,680	14,288	18,814	17,158	17,420	14,538	18,762	—	

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live-weight. 3/ Beginning January 1984 prices are for 14-17 lbs. 4/ Quarters are Dec. preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV).
5/ Intentions. *Classes estimated.

Crops and Products

Food grains

	Marketing year 1/			1984		1985					
	1981/82	1982/83	1983/84	July	Feb	Mar	Apr	May	June	July	
Wholesale prices											
Wheat, No. 1 HRW, Kansas City (\$/bu.) 2/	4.27	3.94	3.83	3.67	3.74	3.67	3.62	3.34	3.38	3.17	
Wheat, OWS, Minneapolis (\$/bu.) 2/	4.17	3.94	4.21	4.21	3.52	3.55	3.64	3.35	3.54	3.29	
Rice, S.W. La. (\$/cwt.) 3/	20.20	18.00	19.38	19.25	18.00	18.00	18.00	18.00	18.00	17.75	
Wheat											
Exports (mil. bu.)	1,771	1,509	1,429	138	93	65	76	63	90	69	
Mill grind (mil. bu.)	631	656	694	52	57	59	55	58	53	n.a.	
Wheat flour production (mil. cwt.)	280	292	308	23	26	26	25	26	24	n.a.	
Marketing year 1/											
1981/82			1983		1984				1985		
1981/82	1982/83	1983/84	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May		
Wheat											
Stocks, beginning (mil. bu.)	989	1,159	1,515	2,955	2,326	1,756	1,398	2,740	2,141	1,667	
Domestic use											
Food (mil. bu.)	602	616	635	161	163	102	212	167	165	105.5	
Feed & seed (mil. bu.) 4/	254	318	477	118	44	31	395	59	44	0	
Exports (mil. bu.)	1,771	1,509	1,429	362	364	226	645	374	266	139.1	

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Feed use approximated by residual. n.a. = not available.

Feed grains

	Marketing year 1/			1984		1985					
	1981/82	1982/83	1983/84	July	Feb	Mar	Apr	May	June	July	
Wholesale prices											
Corn, No. 2 yellow, St. Louis (\$/bu.)	2.61	2.98	3.45	3.43	2.84	2.86	2.88	2.81	2.79	2.72	
Sorghum, No. 2 yellow, Kansas City (\$/cwt.)	4.28	4.92	5.13	4.95	4.33	4.58	4.76	4.74	4.74	4.50	
Barley, feed, Minneapolis (\$/bu.)	2.21	1.76	2.48	2.18	1.99	1.97	2.05	2.05	1.90	1.66	
Barley, malting, Minneapolis (\$/bu.)	3.06	2.53	2.84	2.86	2.47	2.51	2.52	2.55	2.46	2.25	
Exports											
Corn (mil. bu.)	1,967	1,870	1,865	130	167	172	169	138	108	97	
Feed grains (mil. metric tons) 2/	58.4	54.0	55.8	3.9	5.3	5.3	4.9	4.0	3.4	3.0	
Marketing year 1/											
1981/82			1983		1984				1985		
1981/82	1982/83	1983/84	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May		
Corn											
Stocks, beginning (mil. bu.)	1,034	2,174	3,120	3,120	4,913	3,251	2,145	723	5,856	3,961	
Domestic use:											
Food (mil. bu.)	4,202	4,522	3,736	1,634	969	580	553	1,680	1,147	617	
Food, seed, ind. (mil. bu.)	812	898	973	220	184	187	383	235	201	206	
Feed grains 2/											
Stocks, beginning (mil. metric tons)	34.6	68.2	97.3	108.0	154.9	104.3	70.6	44.1	181.9	123.5	
Domestic use:											
Food (mil. metric tons)	128.5	139.5	117.4	49.3	29.4	18.1	20.3	53.5	35.6	18.8	
Food, seed, ind. (mil. metric tons)	25.8	27.9	29.8	6.6	5.9	6.1	11.2	7.1	6.3	6.8	

1/ Beginning October 1 for corn and sorghum; June 1 for oats and barley. 2/ Aggregated data for corn, sorghum, oats, and barley.

Fats and oils

	Marketing year 1/			1984		1985					
	1981/82	1982/83	1983/84	July	Feb	Mar	Apr	May	June	July	
Soybeans											
Wholesale price, No. 1 yellow, Chicago (\$/bu.) 2/	6.24	6.11	7.78	6.79	5.88	5.92	6.00	5.76	5.78	5.58	
Crushings (mil. bu.)	1,029.7	1,108.0	983	68.9	80.8	85.6	83.2	89.3	82.7	81.9	
Exports (mil. bu.)	929.1	905.2	740.3	39.2	80.6	67.9	65.4	33.1	18.2	19.2	
Soybean oil											
Wholesale price, crude, Decatur (cts./lb.)	19.0	20.6	30.55	30.96	29.64	31.33	33.63	32.49	32.46	29.07	
Production (mil. lb.)	10,979.4	12,040.4	10,872.0	788.2	878.9	946.0	917.5	983.3	918.8	912.6	
Domestic disp. (mil. lb.)	9,536.3	9,857.3	9,598	670.5	840.3	769.4	894.8	890.0	754.8	741.0	
Exports (mil. lb.)	2,076.3	2,024.7	1,814	150.0	198.3	184.8	66.8	52.4	138.8	174.4	
Stocks, beginning (mil. lb.)	1,736.1	1,102.5	1,261	1,011.8	883.5	723.8	715.6	665.9	706.7	731.9	
Soybean meal											
Wholesale price, 44% protein, Decatur (\$/ton)	182.52	187.19	188.21	157.60	125.25	125.9	117.90	111.5	110.25	114.00	
Production (thou. ton)	24,634.4	26,713.6	22,756.2	1,629.1	1,887.2	2,023.6	1,958.3	2,100.9	1,952.7	1,934.0	
Domestic disp. (thou. ton)	17,714.4	19,306.0	17,541.0	1,377.1	1,440.9	1,496.8	1,585.7	1,703.6	1,525.9	1,606.1	
Exports (thou. ton)	6,907.5	7,108.7	5,436.1	287.7	431.8	416.3	387.4	331.3	353.0	338.7	
Stocks, beginning (thou. ton)	162.7	175.2	474	391.2	319.6	334.1	444.6	429.8	495.8	569.6	
Margarine, wholesale price,											
Chicago (cts./lb.)	41.4	41.4	46.3	55.60	52.50	54.00	56.00	55.50	55.50	54.30	

1/ Beginning September 1 for soybeans; October 1 for soymeal and oil; calendar year for margarine. 2/ Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Cotton

	Marketing year 1/			1984		1985					
	1981/82	1982/83	1983/84	July	Feb	Mar	Apr	May	June	July	
U.S. price, SLM, 1-1/16 in. (cts./lb.) 2/											
Northern Europe prices:	60.5	63.1	73.1	67.3	58.6	60.2	61.7	60.1	59.8	59.5	
Index (cts./lb.) 3/	73.8	76.7	87.6	79.0	69.2	67.3	66.3	65.1	62.8	61.1	
U.S. M 1-3/32" (cts./lb.) 4/	75.9	78.0	87.1	78.9	72.9	73.7	75.9	74.8	72.4	70.4	
U.S. mill consumption (thou. bales)	5,263.8	5,512.8	5,883.5	370.5	425.0	527.9	426.2	446.4	546.5	583.5	
Exports (thou. bales)	6,567.3	5,206.8	6,786.0	387.9	810.6	648.5	577.8	453.0	375.3	268.0	

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. 4/ Memphis territory growths.

Fruit

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July	
Producer price indexes											
Fresh fruit (1967=100)	235.4	250.6	260.2	251.1	285.7	248.7	258.1	244.3	242.1	239.2	
Dried fruit (1967=100)	409.7	409.3	385.2	405.3	355.8	355.8	356.2	362.2	362.2	362.2	
Canned fruit & juice (1967=100)	283.7	286.8	312.5	315.5	323.3	326.1	325.5	325.1	326.8	328.1	
Frozen fruit & juice (1967=100)	305.5	300.9	350.8	353.3	372.9	373.1	373.3	374.4	371.5	369.9	
F.o.b. shipping point prices											
Apples, Yakima Valley (\$/ctn.) 1/	n.a.	n.a.	n.a.	12.00	14.00	15.38	16.38	16.47	16.30	15.63	
Pears, Yakima Valley (\$/box) 2/	n.a.	n.a.	n.a.	n.a.	15.13	15.00	15.50	12.14	23.50	n.a.	
Oranges, U.S. avg. (\$/box) 3/	11.10	14.40	15.40	22.50	18.97	15.68	15.14	16.50	16.79	14.90	
Grapefruit, U.S. avg. (\$/box) 3/	9.03	9.13	10.00	11.30	13.18	11.53	11.24	20.75	14.62	14.30	
Year ending				1984		1985					
1982	1983	1984	July	Feb	Mar	Apr	May	June	July		
Stocks, ending											
Fresh apples (mil. lb.)	3,082.3	2,980.1	3,171.5	97.2	1,858.1	1,372.3	910.4	485.1	291.2	132.4	
Fresh pears (mil. lb.)	180.9	250.6	184.9	6.3	89.9	59.2	34.1	10.3	1.5	5.1	
Frozen fruit (mil. lb.)	627.5	644.7	694.5	587.8	569.2	512.1	458.5	442.2	527.4	691.6	
Frozen fruit juices (mil. lb.)	1,157.6	924.9	941.9	1,138.0	1,385.8	1,472.4	1,579.0	1,632.2	1,430.2	1,401.2	

1/ Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. 2/ D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 3/ F.O.B. packed fresh. n.a. = not available.

Vegetables

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July	
Wholesale prices											
Potatoes, white, f.o.b. East (\$/cwt.)	6.05	7.76	8.16	13.90	6.15	6.26	6.92	8.15	6.56	3.25	
Iceberg lettuce (\$/crtn.) 1/	5.92	6.29	5.08	4.65	4.31	4.52	4.87	3.92	2.90	5.62	
Tomatoes (\$/crtn.) 2/	7.40	8.69	8.52	7.25	11.00	17.00	11.40	4.17	5.81	4.55	
Wholesale price index, 10 canned veg. (1977=100)	137	138	145	144	152	142	143	144	143	143	
Grover price index, fresh commercial veg. (1977=100)	120	129	133	116	137	158	118	106	89	125	
1/ Std. carton 24's f.o.b. shipping point. 2/ 5 x 6 - 6 x 6, f.o.b. Fla-Cal.											

Tobacco

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July	
Prices at auctions 1/											
Flue-cured (cts./lb.)	178.6	177.9	181.0	—	—	—	—	—	—	—	
Burley (cts./lb.)	180.3	179.5	187.6	—	186.0	—	—	—	—	—	
Domestic consumption 2/											
Cigarettes (bil.)	634.0	600.0	600.4	49.4	55.7	58.2	52.7	52.0	57.4	n.a.	
Large cigars (mil.)	3,667	3,605	3,491	238.6	209.6	248.3	240.9	293.4	294.0	n.a.	

1/ Crop year July-June for flue-cured, October-September for burley. 2/ Taxable removals. n.a. = not available.

Sugar

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July	
U.S. raw sugar price, N.Y. (cts./lb.) 1/	19.92	22.04	21.74	21.89	20.38	20.91	20.93	21.09	21.27	21.23	
U.S. deliveries (thou. short tons) 2/	9,153	8,812	8,435	n.a.	n.a.	1,910	n.a.	n.a.	1,952	n.a.	

1/ Spot price reported by (New York) Coffee, Sugar, and Cocoa Exchange, Inc. After May 1985, price based on nearby futures
prices, Commodity Commodities, Company. 2/ Raw value. Quarterly data shown at end of quarter in March, June, Sept., & Dec.
Excludes Hawaii. n.a. = not available.

Coffee

	Annual			1984		1985					
	1982	1983	1984	July	Feb	Mar	Apr	May	June	July p	
Composite green price, N.Y. (cts./lb.)	132.00	131.51	142.95	142.88	138.29	136.31	134.61	134.64	134.83	125.70	
Imports, green bean equivalent (mil. lb.) 1/	2,352	2,260	2,414	239	235	227	193	175	235	165 F	
	Annual			1983		1984					
	1982	1983	1984	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June p	
Roastings (mil. lb.) 2/	2,293	2,238	2,287	650	575	518	557	637	573	490	

1/ Green and processed coffee. 2/ Instant soluble and roasted coffee. F = Forecast. p = preliminary.

Supply and Utilization: Crops

Supply and utilization: domestic measure¹

	Area		Yield	Production	Total supply 2/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 3/					
	Planted	Harvested														
Mil. acres		Bu/acre		Mil. bu		\$/bu										
Wheat																
1981/82	88.3	80.6	34.5	2,785	3,777	135	712	1,771	2,618	1,159	3.65					
1982/83	86.2	77.9	35.5	2,765	3,932	195	713	1,509	2,417	1,515	3.55					
1983/84*	76.4	61.4	39.4	2,420	3,939	376	735	1,429	2,540	1,399	3.53					
1984/85*	79.2	66.9	38.8	2,595	4,003	412	743	1,424	2,579	1,424	3.38					
1985/86*	--	--	--	2,400	3,829	350	760	1,150	2,260	1,569	3.05-3.2					
Rice		Mil. acres		lb/acre		Mil. cwt (rough equiv.)		\$/cwt								
1981/82	3.83	3.79	4,819	182.7	199.6	4/ 9.0	59.6	82.0	150.6	49.0	9.05					
1982/83	3.30	3.26	4,710	153.6	203.4	4/ 8.9	54.0	68.9	131.8	71.5	8.11					
1983/84*	2.19	2.17	4,598	99.7	171.9	4/ 5.6	49.1	70.3	125.0	46.9	8.76					
1984/85*	2.80	2.78	4,926	157.0	185.4	4/ 5.0	53.7	62.0	120.7	64.7	8.25					
1985/86*	2.47	2.45	5,047	123.6	190.3	4/ 5.0	55.0	59.0	119.0	71.3	7.80-8.0					
Corn		Mil. acres		Bu/acre		Mil. bu		\$/bu								
1981/82	84.1	74.5	108.9	8,119	9,154	4,202	812	1,967	6,980	2,174	2.50					
1982/83	81.9	72.7	113.2	8,235	10,410	4,522	898	1,870	7,290	3,120	2.68					
1983/84*	60.2	51.5	81.1	4,175	7,297	3,736	973	1,865	6,574	723	3.25					
1984/85*	80.4	71.8	106.6	7,656	8,382	4,150	1,065	1,850	7,065	1,317	2.65					
1985/86*	83.2	74.8	113.3	8,469	9,787	4,325	1,120	1,625	7,070	2,717	2.35-2.5					
Sorghum		Mil. acres		Bu/acre		Mil. bu		\$/bu								
1981/82	15.9	13.7	64.0	876	984	428	11	249	688	296	2.38					
1982/83	16.0	14.1	59.1	835	1,131	507	10	214	731	400	2.52					
1983/84*	11.9	10.0	48.7	488	888	381	10	246	637	251	2.84					
1984/85*	17.2	15.3	56.4	866	1,117	525	20	285	830	287	2.40					
1985/86*	17.9	16.2	70.4	1,139	1,426	550	20	275	845	581	2.20-2.4					
Barley		Mil. acres		Bu/acre		Mil. bu		\$/bu								
1981/82	9.6	9.0	52.4	474	620	198	174	100	473	148	2.44					
1982/83	9.5	9.0	57.2	516	675	241	170	47	458	217	2.22					
1983/84*	10.4	9.7	52.3	509	733	283	169	92	544	189	2.50					
1984/85*	11.9	11.2	53.4	597	796	299	172	77	548	248	2.30					
1985/86*	13.1	11.8	50.9	599	857	300	170	60	530	327	1.95-2.1					
Oats		Mil. acres		Bu/acre		Mil. bu		\$/bu								
1981/82	13.6	9.4	54.2	510	688	453	76	7	536	152	1.89					
1982/83	14.0	10.3	57.8	593	749	441	85	3	529	220	1.49					
1983/84*	20.3	9.1	52.6	477	727	466	78	2	546	181	1.67					
1984/85*	12.4	8.1	58.1	472	683	428	74	1	503	180	1.71					
1985/86*	13.1	8.8	61.4	537	737	425	80	2	507	230	1.25-1.4					
Soybeans		Mil. acres		Bu/acre		Mil. bu		\$/bu								
1981/82	67.8	66.4	30.1	2,000	2,318	5/ 93	1,030	929	2,052	266	6.04					
1982/83	70.9	69.4	31.5	2,190	2,444	5/ 86	1,108	905	2,099	345	5.69					
1983/84*	63.8	62.5	26.2	1,636	1,981	5/ 79	983	743	1,805	176	7.81					
1984/85*	67.7	66.1	28.2	1,861	2,037	5/ 84	1,033	600	1,727	310	5.85					
1985/86*	--	--	--	2,063	2,373	5/ 83	1,060	675	1,818	555	5.05-5.3					
Soybean oil		Mil. acres		Bu/acre		Mil. bu		\$/lb								
1981/82	--	--	--	10,979	12,715	--	9,535	2,077	11,612	1,103	19.0					
1982/83	--	--	--	12,041	13,144	--	9,858	2,025	11,883	1,261	20.6					
1983/84*	--	--	--	10,872	12,133	--	9,588	1,824	11,412	721	30.6					
1984/85*	--	--	--	11,514	12,245	--	9,800	1,700	11,500	745	30.0					
1985/86*	--	--	--	11,555	12,300	--	9,950	1,500	11,450	850	23.0-27.0					
Soybean meal		Thou. tons		\$/ton												
1981/82	--	--	--	24,634	24,797	--	17,714	6,908	24,622	175	183					
1982/83	--	--	--	26,714	26,889	--	19,306	7,109	26,415	474	187					
1983/84*	--	--	--	22,756	23,230	--	17,615	5,360	22,977	255	188					
1984/85*	--	--	--	24,625	24,880	--	19,550	4,800	24,350	530	125					
1985/86*	--	--	--	25,050	25,580	--	20,200	4,800	25,000	580	105-135					

See footnotes at end of table.

Supply and utilization: domestic measure, continued

	Area		Yield	Production	Total supply 2/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 3/
	Planted	Harvested									
Mll. acres											
Cotton			lb/acre								\$/lb
1981/82	14.3	13.8	542	15.6	18.3	--	5.3	6.6	11.8	6/ 6.6	54.0
1982/83	11.3	9.7	590	12.0	18.6	--	5.5	5.2	10.7	6/ 7.9	59.1
1983/84*	7.9	7.3	508	7.8	15.7	--	5.9	6.8	12.7	6/ 2.8	8/ 58.7
1984/85*	11.1	10.4	600	13.0	15.8	--	5.5	6.2	11.7	6/ 4.1	--
1985/86*	10.7	10.4	638	13.8	18.0	--	5.2	4.0	9.2	6/ 8.9	--
Metric tons/ha											
Mll. metric tons											
\$/metric ton											
Mll. metric tons (rough equiv.)											
Wheat											
1981/82	35.7	32.6	2.32	75.8	102.8	3.7	19.4	48.2	71.3	31.5	134
1982/83	34.9	31.5	2.39	75.3	107.0	5.3	19.4	41.1	65.8	41.2	130
1983/84*	30.9	24.8	2.65	65.9	107.2	10.2	20.0	38.9	69.1	38.1	130
1984/85*	32.1	27.1	2.61	70.6	108.9	11.2	20.2	38.7	70.2	38.7	124
1985/86*	--	--	--	65.3	104.2	9.5	20.7	31.3	61.5	42.7	112-119
Rice											
1981/82	1.5	1.5	5.40	8.3	9.0	4/ 0.4	2.7	3.7	6.8	2.2	200
1982/83	1.3	1.3	5.28	7.0	9.2	4/ 0.4	2.5	3.1	6.0	3.2	179
1983/84*	0.9	0.9	5.15	4.5	7.8	4/ 0.2	2.2	3.2	5.7	2.1	193
1984/85*	1.1	1.1	5.92	6.2	8.4	4/ 0.3	2.4	2.8	5.5	2.9	182
1985/86*	1.0	1.0	5.66	5.6	8.6	4/ 0.3	2.5	2.7	5.4	3.2	172-194
Corn											
1981/82	34.0	30.1	6.85	206.2	232.5	106.7	20.6	50.0	177.3	55.2	98
1982/83	33.1	29.4	7.12	209.2	264.4	114.9	22.8	47.5	185.2	79.2	106
1983/84*	24.4	20.8	5.10	106.0	185.4	94.9	24.7	47.4	167.0	18.4	128
1984/85*	32.5	29.1	6.68	194.5	212.9	105.4	27.1	47.0	179.5	33.5	104
1985/86*	33.7	30.3	7.10	215.1	248.6	109.9	28.4	41.3	179.6	69.0	93-100
Feed Grains											
1981/82	49.9	43.1	5.71	246.2	281.1	128.5	25.8	58.6	212.9	68.2	--
1982/83	49.1	42.9	5.83	250.2	318.7	139.4	26.0	54.0	221.4	97.3	--
1983/84*	41.6	32.5	4.20	136.4	234.4	117.5	29.8	55.7	202.9	51.5	--
1984/85*	49.3	43.1	5.49	236.3	268.5	131.5	32.4	55.9	219.8	48.8	--
1985/86*	51.6	45.1	5.88	264.9	314.2	136.5	33.8	49.6	219.9	94.2	--
Soybeans											
1981/82	27.4	26.9	2.03	54.4	63.1	5/ 2.5	28.0	25.3	55.8	7.2	222
1982/83	28.7	28.1	2.15	59.6	66.5	5/ 2.4	30.2	24.6	57.1	9.4	209
1983/84*	25.8	25.3	1.23	44.5	53.9	5/ 2.2	26.8	20.2	49.1	4.8	286
1984/85*	27.4	26.7	1.14	50.6	55.4	5/ 2.3	28.1	16.3	47.0	8.4	214
1985/86*	--	--	--	56.1	64.6	5/ 2.3	28.8	18.4	49.5	15.1	186-197
Soybean oil											
1981/82	--	--	--	4.98	5.77	--	4.33	.94	5.27	.50	419
1982/83	--	--	--	5.46	5.96	--	4.47	.92	5.39	.57	454
1983/84*	--	--	--	4.93	5.50	--	4.35	.83	5.17	.32	675
1984/85*	--	--	--	5.22	5.55	--	4.44	.77	5.21	.33	661
1985/86*	--	--	--	5.24	5.58	--	4.51	.68	5.19	.38	507-595
Soybean meal											
1981/82	--	--	--	22.36	22.51	--	16.08	6.27	22.35	.16	201
1982/83	--	--	--	24.24	24.39	--	17.52	6.45	23.96	.43	206
1983/84*	--	--	--	20.64	21.07	--	15.98	4.86	20.84	.23	207
1984/85*	--	--	--	22.33	22.57	--	17.69	4.35	22.09	.48	137
1985/86*	--	--	--	22.72	23.20	--	18.32	5.29	22.68	.53	115-149
Cotton											
1981/82	5.8	5.7	.60	3.41	3.99	4/	1.15	1.43	2.58	6/ 1.44	1.19
1982/83	4.6	3.9	.66	2.60	4.05	--	1.20	1.13	2.33	6/ 1.73	1.30
1983/84*	3.2	3.0	.57	1.69	3.42	--	1.29	1.48	2.77	6/ .60	1.46
1984/85*	4.5	4.2	.67	2.83	3.44	--	1.20	1.35	2.55	6/ .89	1.29
1985/86*	4.3	4.2	.72	3.00	3.92	--	1.13	.87	2.00	6/ 1.93	--

*September 11, 1985 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats; August 1 for cotton and rice; September 1 for soybeans, and October 1 for corn, sorghum, soymeal, and soyoil. 2/ Includes imports.

3/ Season average. 4/ Statistical discrepancy. 5/ Includes seed. 6/ Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks.

7/ Conversion factors: Hectare (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. 8/ Through April 30, 1985 (weighted avg.).

General Economic Data

Gross national product and related data

	Annual			1984			1985	
	1982	1983	1984	II	III	IV	I	II r
\$ Bill. (Quarterly data seasonally adjusted at annual rates)								
Gross national product 1/	3,069.3	3,304.8	3,662.8	3,644.7	3,694.6	3,758.7	3,810.6	3,855.1
Personal consumption expenditures	1,984.9	2,155.9	2,341.8	2,332.7	2,361.4	2,396.5	2,446.5	2,497.5
Durable goods	245.1	279.8	318.8	320.7	317.2	326.3	334.8	340.0
Non durable goods	757.5	801.7	856.9	858.3	861.4	866.5	877.3	892.5
Clothing & shoes	118.8	127.0	140.2	142.2	139.3	143.2	145.5	149.7
Food & beverages	392.8	416.5	443.6	442.1	448.6	449.8	457.3	464.0
Services	982.2	1,074.4	1,166.1	1,153.7	1,182.8	1,203.8	1,234.4	1,265.1
Gross private domestic investment	414.9	471.6	637.8	627.0	662.8	637.8	646.8	640.9
Fixed investment	441.0	485.1	579.6	576.4	591.0	601.1	606.1	622.7
Nonresidential	349.6	352.9	425.7	420.8	435.7	447.7	450.9	464.5
Residential	91.4	132.2	153.9	155.6	155.3	153.5	155.2	158.2
Change in business inventories	-26.1	-13.5	58.2	50.6	71.8	36.6	40.7	18.1
Net exports of goods & services	19.0	-8.3	-64.2	-58.7	-90.6	-56.0	-74.5	-93.4
Exports	348.4	336.2	364.3	362.4	368.6	367.2	360.7	349.4
Imports	329.4	344.4	428.5	421.1	459.3	423.2	435.2	442.8
Government purchases of goods & services	650.5	685.5	747.4	743.7	761.0	780.5	791.9	810.1
Federal	258.9	269.7	295.4	296.4	302.0	315.7	319.9	323.8
State & local	391.5	415.8	452.0	447.4	458.9	464.8	472.0	486.3
1972 \$ Bill. (Quarterly data seasonally adjusted at annual rates)								
Gross national product	1,480.0	1,534.7	1,639.3	1,638.8	1,645.2	1,662.4	1,663.5	1,671.6
Personal consumption expenditures	963.3	1,009.2	1,062.4	1,064.2	1,065.9	1,075.4	1,089.1	1,103.4
Durable goods	140.5	157.5	178.0	178.6	177.0	182.9	187.0	190.3
Non durable goods	363.1	376.3	393.5	396.6	395.5	395.0	398.6	403.6
Clothing & shoes	84.2	88.5	96.5	99.1	99.9	96.9	97.9	100.2
Food & beverages	187.3	188.9	193.4	193.6	195.6	194.7	196.8	199.8
Services	459.8	475.4	490.8	488.9	493.5	497.5	503.5	509.4
Gross private domestic investment	194.3	221.0	289.9	283.9	300.2	289.9	292.1	288.1
Fixed investment	204.7	224.6	265.1	263.7	269.6	273.1	273.0	279.8
Nonresidential	166.9	171.0	204.9	202.9	209.5	213.8	213.0	219.0
Residential	37.9	53.7	60.2	60.8	60.1	59.2	60.0	60.8
Change in business inventories	-10.4	-3.6	24.8	20.3	30.6	16.8	19.1	8.3
Net exports of goods & services	29.7	12.6	-15.0	-11.4	-27.0	-13.4	-28.4	-33.3
Exports	147.6	139.5	146.0	144.7	147.4	147.1	143.7	138.8
Imports	118.0	126.9	161.1	156.2	174.4	160.5	172.1	172.1
Government purchases of goods & services	292.7	291.9	302.1	302.1	306.1	310.5	310.7	313.5
Federal	117.0	116.2	122.5	123.2	125.0	129.6	129.8	129.8
State & local	175.7	175.7	179.6	178.9	181.1	180.9	180.9	183.7
New plant & equipment expenditures (\$bil.)	310.58	304.78	353.54	348.34	361.12	367.21	371.16	385.31
Implicit price deflator for GNP (1972=100)	207.38	215.34	223.43	222.40	224.57	226.10	229.07	230.62
Disposable income (\$bil.)	2,180.5	2,340.1	2,576.8	2,554.3	2,606.4	2,644.5	2,654.8	2,727.5
Disposable income (1972 \$bil.)	1,058.3	1,095.4	1,169.0	1,165.3	1,176.5	1,186.7	1,181.9	1,205.0
Per capita disposable Income (\$)	9,385	9,977	10,887	10,806	11,000	11,133	11,154	11,437
Per capita disposable Income (1972 \$)	4,555	4,670	4,939	4,930	4,965	4,996	4,965	5,053
U.S. population, total, incl. military abroad (mil.)	232.3	234.5	236.7	236.4	237.0	237.6	238.1	238.4
Civilian population (mil.)	230.2	232.3	234.4	234.2	234.8	235.5	235.9	236.2

See footnotes at end of next table.

Selected monthly indicators

	Annual			1984		1985					
	1982	1983	1984	July		Feb	Mar	Apr	May	June	July p
Monthly data seasonally adjusted except as noted											
Industrial production, total 2/ (1972=100)	103.1	109.2	121.8	123.2	123.7	124.0	124.1	124.3	124.7	124.9	
Manufacturing (1972=100)	102.2	110.2	123.9	125.4	125.8	126.3	126.6	126.8	127.1	127.5	
Durable (1972=100)	99.9	107.7	124.8	126.4	127.2	128.0	128.2	128.0	128.2	128.5	
Non-durable (1972=100)	105.5	113.7	122.5	123.9	123.8	123.9	124.3	125.1	125.6	126.0	
Leading economic indicators 1/ 3/ (1967=100)	136.8	156.0	165.7	163.9	167.7	167.9	166.9	167.4	168.0	168.7	
Employment 4/ (mil. persons)	99.5	100.8	105.0	105.4	106.7	107.1	106.9	107.0	106.4	106.9	
Unemployment rate 4/ (%)	9.7	9.6	7.5	7.5	7.3	7.3	7.3	7.3	7.3	7.3	
Personal income 1/ (\$ bil., annual rate)	2,584.6	2,744.2	3,012.1	3,027.7	3,146.0	3,156.2	3,186.1	3,164.3	3,176.1	3,188.8	
Hourly earnings in manufacturing 4/ %/ (\$)	8.49	8.85	9.17	9.19	9.42	9.45	9.48	9.50	9.50	9.53	
Money stock-M1 (daily avg.) (\$bil.) 2/	6/ 480.8	6/ 528.0	6/ 558.5	546.9	569.4	572.1	574.9	581.6	591.2	595.8	
Money stock-M2 (daily avg.) (\$bil.) 2/	6/ 1,954.9	6/ 2,188.8	6/ 2,371.4	2,280.2	2,421.0	2,429.3	2,427.3	2,444.6	2,472.6	2,490.4	
Three-month Treasury bill rate 2/ (%)	10.686	8.63	9.58	10.13	8.22	8.57	8.00	7.56	7.01	7.05	
Aaa corporate bond yield (Moody's) 5/ %/ (%)	13.79	12.04	12.71	13.44	12.13	12.56	12.23	11.72	10.94	10.97	
Interest rate on new home mortgages 5/ 8/ (%)	15.14	12.97	12.38	12.50	12.21	11.92	12.05	12.01	11.75	11.38	
Housing starts; private (incl. farm) (thous.)	1,062	1,703	1,750	1,730	1,647	1,889	1,933	1,681	1,694	1,654	
Auto sales at retail, total 1/ (mil.)	8.0	9.2	10.4	10.5	11.0	10.7	11.1	11.3	10.3	10.3	
Business sales, total 1/ (\$bil.)	344.7	368.7	411.7	412.2	418.7	420.8	426.5	428.3	419.2	—	
Business inventories, total 1/ (\$bil.)	9/ 509.2	9/ 520.3	9/ 573.4	557.2	578.9	578.8	580.2	577.6	580.1	—	
Sales of all retail stores (\$bil.) 10/	89.3	97.9	108.1	107.6	112.1	111.9	115.4	114.9	113.3	113.7	
Durable goods stores (\$bil.)	26.1	33.0	38.7	38.5	41.1	40.8	42.9	42.8	41.7	42.0	
Non-durable goods stores (\$bil.)	61.3	64.8	69.4	69.1	71.0	71.1	72.4	72.1	71.6	71.7	
Food stores (\$bil.)	20.4	21.2	22.5	22.7	23.1	23.0	23.5	23.3	23.2	23.3	
Eating & drinking places (\$bil.)	8.7	9.6	10.3	10.4	10.6	10.8	10.8	11.0	11.0	10.9	
Apparel & accessory stores (\$bil.)	4.6	5.0	5.6	5.5	5.8	6.0	5.9	5.9	6.0	5.9	

1/ Department of Commerce. 2/ Board of Governors of the Federal Reserve System. 3/ Composite Index of 12 leading indicators. 4/ Department of Labor, Bureau of Labor Statistics. 5/ Not seasonally adjusted. 6/ December of the year listed. 7/ Moody's Investors Service. 8/ Federal Home Loan Bank Board. 9/ Book value, end of period. 10/ Adjusted for seasonal variations, holidays, and trading day differences. p = preliminary. r = revised.

U.S. Agricultural Trade

Prices of principal U.S. agricultural trade products

	Annual			1984		1985					
	1982	1983	1984	July		Feb	Mar	Apr	May	June	July
Export commodities											
Wheat, f.o.b. vessel,											
Gulf ports (\$/bu.)	4.38	4.30	4.17	4.05	4.03	3.97	3.97	3.77	3.65	3.53	
Corn, f.o.b. vessel, Gulf ports (\$/bu.)	2.80	3.49	3.50	3.63	3.06	3.10	3.10	3.00	2.97	2.96	
Grain sorghum,											
f.o.b. vessel, Gulf ports (\$/bu.)	2.81	3.34	3.00	2.93	2.88	2.99	3.04	2.90	2.72	2.54	
Soybeans, f.o.b. vessel, Gulf ports (\$/bu.)	6.36	7.31	7.38	7.00	6.20	6.28	6.29	6.03	6.03	5.86	
Soybean oil, Decatur (cts./lb.)	18.33	23.51	30.75	30.43	29.42	31.35	34.07	32.41	32.42	28.84	
Soybean meal, Decatur (\$/ton)	179.70	200.91	166.80	158.05	126.45	125.76	117.86	111.98	110.80	116.39	
Cotton, 10 market avg. spot (cts./lb.)	60.10	68.68	68.37	67.35	58.65	60.18	61.67	60.11	59.76	59.55	
Tobacco, avg. price of auction (cts./lb.)	172.20	173.96	173.99	164.91	177.10	178.14	177.56	175.84	175.84	175.84	
Rice, f.o.b. mill, Houston (\$/cwt.)	18.89	19.39	19.47	19.50	18.75	18.75	18.75	18.75	18.75	18.75	
Inedible tallow, Chicago (cts./lb.)	12.85	13.41	17.47	17.10	17.50	17.50	17.70	16.19	14.31	13.60	
Import commodities											
Coffee, N.Y. spot (\$/lb.)	1.41	1.33	1.46	1.45	1.45	1.41	1.38	1.38	1.40	1.34	
Sugar, N.Y. spot (cts./lb.)	19.86	22.04	21.74	21.89	20.38	20.90	20.97	21.09	n.a.	n.a.	
Rubber, N.Y. spot (cts./lb.)	45.48	56.19	49.70	46.49	42.11	41.45	42.13	40.93	41.64	41.55	
Cocoa beans, N.Y. (\$/lb.)	.75	.92	1.06	.97	1.00	.99	1.02	.96	.92	.96	
Bananas, (\$/40lb. box)	6.80	7.93	6.70	6.65	8.03	8.23	8.79	8.30	6.90	5.82	

p = preliminary. n.a. = not available.

U.S. agricultural exports

	October-July				July			
	1983/84	1984/85	1983/84	1984/85	1984	1985	1984	1985
	Thou. units		\$ Thou.		Thou. units		\$ Thou.	
Animals, live (no.)	616	883	165,951	193,694	62	81	8,783	10,834
Meats & preps., excl. poultry (mt)	352	351	771,828	746,987	38	38	73,686	71,835
Dairy products (mt)	322	327	306,606	337,542	40	37	36,476	34,844
Poultry meats (mt)	184	194	234,039	215,504	20	21	25,432	21,679
Fats, oils, & greases (mt)	1,163	1,011	580,948	517,876	109	110	64,630	49,454
Hides & skins incl. furskins (no.)	---	---	1,123,602	1,132,182	---	---	100,181	87,096
Cattle hides, whole (no.)	20,454	21,217	841,249	852,296	1,979	1,922	86,234	75,515
Mink pelts (no.)	2,464	2,116	65,088	57,767	76	88	2,043	2,070
Grains & feeds (mt)	88,184	82,210	14,231,242	11,698,464	8,402	5,477	1,321,533	770,862
Wheat (mt)	31,115	24,200	4,904,458	3,666,717	3,627	1,740	532,316	247,153
Wheat flour (mt)	1,017	689	219,917	152,481	82	72	21,442	11,687
Rice (mt)	1,832	1,564	728,157	546,480	160	163	62,377	56,708
Feed grains, excl. products (mt)	47,517	49,422	7,045,439	6,171,807	3,851	2,978	574,949	354,533
Feeds & fodders (mt)	6,001	5,402	1,052,216	831,779	594	416	96,854	65,713
Other grain products (mt)	702	933	281,055	329,200	88	108	33,595	35,068
Fruits & preps. excl. juices (mt)	1,355	1,227	871,996	830,121	119	107	91,291	77,954
Fruit juices (hl)	4,778	3,949	188,536	167,997	586	427	23,344	17,341
Nuts & preps. (mt)	297	388	455,907	557,166	25	23	41,106	35,962
Vegetables & preps. (mt)	1,539	1,245	870,290	821,009	118	104	74,759	72,803
Tobacco, unmanufactured (mt)	200	219	1,272,355	1,360,039	8	9	55,987	54,563
Cotton, excl. linters (mt)	1,316	1,188	2,112,702	1,816,138	84	58	143,010	85,866
Seeds (mt)	221	253	284,002	312,724	12	14	20,534	21,767
Sugar, cane or beet (mt)	257	274	66,151	52,605	16	33	3,877	5,464
Oilseeds & products (mt)	24,985	21,293	7,980,392	5,576,788	1,503	1,051	510,007	290,036
Oilseeds (mt)	19,071	16,239	5,861,140	3,949,723	1,132	628	354,212	152,825
Soybeans (mt)	17,914	15,047	5,366,232	3,537,923	1,066	523	321,681	117,655
Protein meal (mt)	4,635	3,890	1,126,355	725,293	269	319	61,087	51,704
Vegetable oils (mt)	1,279	1,165	992,897	901,722	102	104	94,708	85,506
Essential oils (mt)	9	11	81,313	89,670	1	1	6,524	7,262
Other	---	---	923,696	901,293	---	---	83,042	85,984
Total	---	---	32,521,556	27,327,799	---	---	2,684,202	1,801,606

Indexes of nominal and real trade-weighted dollar exchange rates

	1984				1985							
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
April 1971=100												
Total agriculture												
Nominal 1/	899.3	938.9	1,067.0	1,152.2	1,281.5	1,404.0	1,525.5	1,706.5	1,861.0	2,041.6	2,216.7	2,392.4
Real 2/	102.9	103.5	102.5	104.2	106.1	108.5	108.3*	104.6*	105.2*	105.6*	103.1*	101.7*
Soybeans												
Nominal	172.6	175.6	175.2	180.6	185.1	191.9	194.5	187.8	190.3	197.3	203.2	201.4
Real	100.7	101.6	99.6	102.1	103.4	107.4	107.3*	101.8*	102.4*	101.7*	98.2*	95.8*
Wheat												
Nominal	4,394.5	4,612.4	5,378.4	5,864.8	6,598.2	7,285.2	7,988.1	9,092.9	9,996.1	11,011.6	11,995.8	13,007.8
Real	105.5	105.2	106.4	106.9	108.9	109.6	108.8*	109.1*	110.4*	112.0*	111.4*	111.1*
Corn												
Nominal	860.0	897.8	1,013.2	1,092.5	1,211.9	1,326.1	1,437.7	1,598.6	1,740.2	1,905.4	2,067.3	2,226.7
Real	103.2	104.1	102.5	104.7	106.1	109.4	109.4*	104.4*	105.3*	104.6*	101.6*	99.7*
Cotton												
Nominal	195.5	197.0	197.6	207.0	209.3	211.5	212.9	211.3	212.8	212.8	213.3	213.0
Real	97.0	97.8	98.0	99.1	100.0	101.6	102.3*	101.1*	101.9*	101.7*	100.5*	100.2*

1/ Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. 2/ Real values are computed in the same way as the nominal series, adjusted for CPI changes in the countries involved.

*Preliminary; assumes the same rate of CPI increase/decrease as the previous six months.

U.S. agricultural exports by regions

Region & country	October-July		July		Change from year earlier	
	1983/84	1984/85	1984	1985	October-	July
					\$ Mill.	Percent
Western Europe	8,305	6,261	442	323	-25	-27
European Community	5,967	4,671	307	237	-22	-23
Belgium-Luxembourg	712	389	49	25	-45	-49
France	475	350	18	20	-26	11
Germany, Fed. Rep.	1,148	782	28	30	-32	7
Italy	702	619	52	23	-12	-56
Netherlands	2,034	1,706	101	88	-16	-13
United Kingdom	648	546	41	42	-16	2
Other Western Europe	2,338	1,590	135	86	-32	-36
Portugal	654	423	48	20	-35	-58
Spain, incl. Canary Is.	1,139	720	62	44	-37	-29
Switzerland	283	222	13	9	-22	-31
Eastern Europe	633	475	54	28	-25	-48
German Dem. Rep.	120	80	11	1	-33	-100
Poland	168	113	11	9	-33	-18
USSR	1,963	2,488	70	8	27	-89
Asia	13,025	10,316	1,196	808	-21	-32
West Asia (Mideast)	1,525	1,269	165	95	-17	-42
Turkey	173	125	11	1	-28	-91
Iraq	338	336	34	8	-1	-76
Israel	312	253	56	21	-19	-63
Saudi Arabia	395	323	42	36	-18	-14
South Asia	777	529	21	54	-32	157
India	346	112	7	10	-68	43
Pakistan	260	194	6	43	-25	617
East & Southeast Asia	10,723	8,518	1,010	658	-21	-35
China	547	191	63	12	-65	-81
Taiwan	1,213	1,178	114	86	-3	-25
Japan	5,982	4,898	532	368	-18	-31
Korea, Rep.	1,592	1,219	161	113	-23	-30
Hong Kong	342	324	32	32	-5	0
Indonesia	386	176	27	12	-54	-56
Philippines	235	223	46	16	-5	-65
Africa	2,357	2,223	240	184	-6	-23
North Africa	1,219	1,092	151	67	-10	-56
Morocco	289	136	50	4	-53	-92
Algeria	134	209	7	10	56	43
Egypt	695	688	67	52	-1	-22
Sub-Saharan	1,138	1,131	89	117	-1	31
Nigeria	292	331	16	25	13	56
Rep. S. Africa	496	172	32	5	-65	-84
Latin America & Caribbean	4,439	3,917	504	307	-12	-39
Brazil	342	499	37	28	46	-24
Caribbean	687	639	80	62	-7	-23
Colombia	189	200	11	18	6	64
Mexico	1,705	1,407	178	68	-17	-62
Peru	204	89	24	6	-56	-75
Venezuela	672	594	78	61	-12	-22
Canada	1,615	1,472	158	132	-9	-16
Oceania	184	176	20	11	-4	-45
Total 2/	32,522	27,328	2,684	1,802	-16	-33

1/ Less than \$500. 2/ Totals may not add due to rounding.

U.S. agricultural imports

	October-July				July			
	1983/84		1984/85		1983/84		1984/85	
	Thou. units	\$ Thou.	Thou. units	\$ Thou.	Thou. units	\$ Thou.	Thou. units	\$ Thou.
Animals, live (no.)	1,598	1,923	500,612	505,479	197	158	51,702	37,943
Meats & preps., excl. poultry (mt)	730	915	1,564,869	1,829,174	95	104	203,780	198,917
Beef & veal (mt)	441	537	942,866	1,053,060	57	67	119,761	124,691
Pork (mt)	266	350	570,579	715,473	35	34	78,919	67,795
Dairy products (mt)	305	344	627,883	628,957	43	28	78,549	62,182
Poultry products (NA)	—	—	103,460	78,041	—	—	9,997	6,804
Fats, oils, & greases (mt)	15	18	10,354	15,301	2	2	1,095	1,375
Hides & skins, incl. furskins (NA)	—	—	189,301	209,742	—	—	15,159	12,740
Wool, unmanufactured (mt)	52	37	171,811	123,545	5	4	17,128	11,356
Grains & feeds (mt)	1,453	1,739	440,262	498,446	185	168	50,619	46,248
Fruits, nuts, & preps. (NA)	—	—	1,938,624	2,471,737	—	—	243,608	238,673
Bananas & plantains (mt)	2,354	2,516	574,737	626,481	231	265	55,916	66,631
Vegetables & preps. (mt)	1,883	1,917	1,157,126	1,194,044	118	112	99,806	77,011
Tobacco, unmanufactured (mt)	158	154	469,680	449,974	23	16	66,108	47,668
Cotton, unmanufactured (mt)	23	27	12,550	15,167	2	3	1,560	1,330
Seeds (mt)	78	86	86,951	78,896	1	2	4,863	5,297
Nursery stock & cut flowers (NA)	—	—	239,716	260,787	—	—	19,489	15,678
Sugar, cane or beet (mt)	2,483	1,952	995,912	773,532	224	46	90,325	10,107
Oilseeds & products (mt)	979	1,046	652,437	665,917	69	109	56,265	64,563
Oilseeds (mt)	204	217	85,186	85,934	11	14	5,787	6,068
Protein meal (mt)	107	134	19,363	14,381	8	13	1,305	1,173
Vegetable oils (mt)	669	695	547,888	565,602	50	82	49,173	57,321
Beverages excl. fruit juices (hl)	11,298	12,657	1,266,528	1,330,496	1,545	1,461	167,166	142,931
Coffee, tea, cocoa, spices (mt)	1,480	1,544	3,933,491	4,116,543	168	126	471,114	337,447
Coffee, Incl. products (mt)	931	909	2,709,642	2,640,484	107	76	322,876	220,601
Cocoa beans & products (mt)	380	464	867,581	1,093,173	40	36	103,498	86,756
Rubber & allied gums (mt)	682	689	725,580	593,582	75	61	80,454	50,216
Other	—	—	691,214	740,224	—	—	85,985	74,003
Total	—	—	15,778,361	16,579,584	—	—	1,814,772	1,442,489

Trade balance

	October-July				July						
	1983/84		1984/85		1984		1985				
	\$ MIL.				\$ MIL.						
Exports											
Agricultural	32,522		27,328		2,684		1,802				
Nonagricultural	141,565		151,000		15,200		14,910				
Total 1/	174,087		178,328		17,884		16,712				
Imports											
Agricultural	15,778		16,580		1,815		1,442				
Nonagricultural	243,715		259,412		29,605		25,481				
Total 2/	259,493		275,992		31,420		26,923				
Trade balance											
Agricultural	16,744		10,748		869		360				
Nonagricultural	-102,150		-108,412		-14,405		-10,571				
Total	-85,406		-97,664		-13,536		-10,211				

1/ Domestic exports including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (customs value).

World Agricultural Production

World supply and utilization of major crops

	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85 E	1985/86 P
Mill. units							
Wheat							
Area (hectare)	227.6	236.5	239.3	238.5	229.1	231.2	231.0
Production (metric ton)	422.8	442.7	448.4	479.1	490.4	514.0	505.9
Exports (metric ton) 1/	86.0	94.1	101.3	98.6	102.9	107.6	93.5
Consumption (metric ton) 2/	443.5	445.6	441.4	467.9	488.6	502.1	498.3
Ending stocks (metric ton) 3/	80.4	78.2	85.1	96.4	98.2	110.2	117.7
Coarse grains							
Area (hectare)	341.1	336.6	343.9	332.4	333.9	340.3	344.9
Production (metric ton)	741.5	732.0	769.9	779.2	685.6	806.4	839.8
Exports (metric ton) 1/	98.8	108.0	96.6	89.9	91.9	101.5	93.3
Consumption (metric ton) 2/	740.3	742.1	739.8	753.6	758.7	782.8	795.3
Ending stocks (metric ton) 3/	91.6	82.8	112.9	138.5	65.4	91.0	135.6
Rice, milled							
Area (hectare)	143.1	144.3	145.1	141.1	144.8	145.4	145.7
Production (metric ton)	253.9	271.0	280.6	285.5	307.2	318.1	315.7
Exports (metric ton) 4/	12.7	13.1	11.8	11.9	12.7	11.6	11.8
Consumption (metric ton) 2/	257.8	272.3	281.5	289.6	307.3	314.7	314.9
Ending stocks (metric ton) 3/	23.4	22.1	21.3	17.4	17.3	20.7	21.6
Total grains							
Area (hectare)	711.8	717.4	728.3	712.0	707.8	716.9	720.6
Production (metric ton)	1,418.2	1,445.7	1,498.9	1,543.8	1,483.2	1,638.5	1,661.4
Exports (metric ton) 1/	197.5	215.2	209.7	200.4	207.5	220.7	198.6
Consumption (metric ton) 2/	1,441.9	1,460.0	1,462.7	1,511.1	1,554.6	1,599.6	1,608.5
Ending stocks (metric ton) 3/	195.4	183.1	219.3	252.3	180.9	221.9	274.9
Oilseeds							
Production (metric ton)	170.1	155.8	169.4	177.9	165.1	186.8	194.9
Trade (metric ton)	35.9	32.1	36.0	35.0	32.9	32.3	33.3
Meals							
Production (metric ton)	92.9	90.8	94.0	97.9	92.8	99.5	101.9
Trade (metric ton)	26.5	25.9	28.8	31.4	29.4	31.0	31.5
Oils							
Production (metric ton)	39.7	40.0	41.5	43.3	42.3	45.8	47.5
Trade (metric ton)	12.8	12.5	13.2	14.2	14.2	15.1	15.4
Cotton							
Area (hectare)	32.2	32.4	33.2	31.9	31.3	34.7	33.2
Production (bale)	65.2	64.8	70.8	67.5	67.9	86.2	79.7
Exports (bale)	23.1	19.7	20.2	19.4	19.3	20.5	20.3
Consumption (bale)	65.3	65.9	65.5	68.0	69.0	70.0	71.6
Ending stocks (bale)	24.0	24.1	25.4	12.0	24.8	40.2	47.2

E = Estimated. P = Projected. 1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1980 data correspond with 1979/80, etc.

Food Supply and Use

Per capita consumption of major food commodities (retail weight)^{1/}

	1976	1977	1978	1979	1980	1981	1982	1983	1984 2/
Pounds									
Meats	153.0	152.3	146.9	144.8	147.7	145.2	139.3	144.1	143.7
Beef	94.4	91.8	87.2	78.0	76.5	77.2	77.2	78.7	78.6
Veal	3.3	3.2	2.4	1.7	1.5	1.6	1.6	1.7	1.8
Lamb and mutton	1.6	1.5	1.4	1.3	1.4	1.4	1.5	1.5	1.5
Pork	53.7	55.8	55.9	63.8	68.3	65.0	59.0	62.2	61.7
Fish (edible weight)	12.9	12.7	13.4	13.0	12.8	12.9	12.3	13.1	13.6
Canned	4.2	4.6	5.0	4.8	4.5	4.8	4.3	4.8	5.0
Fresh and frozen	8.2	7.7	8.1	7.8	8.0	7.8	7.7	8.0	8.3
Cured	0.5	0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Poultry products									
Eggs	34.3	34.0	34.6	35.3	34.6	33.8	33.4	33.1	33.0
Chicken (ready-to-cook)	42.7	44.1	46.7	50.6	50.1	51.7	53.1	53.9	55.7
Turkey (ready-to-cook)	9.1	9.1	9.2	9.9	10.5	10.7	10.8	11.2	11.4
Dairy products									
Cheese (excluding cottage)	15.7	16.1	17.0	17.2	17.6	18.4	20.1	20.6	21.7
Canned and bulk whole milk	5.0	4.3	4.2	4.1	3.8	4.1	4.1	3.9	3.8
Fluid milk and cream (prod. weight)	263.9	259.7	257.1	253.0	249.5	245.3	241.7	245.1	244.6
Ice cream (product weight)	17.9	17.5	17.4	17.1	17.3	17.2	17.5	17.9	18.0
Fats and Oils—Total fat content	54.9	53.1	54.7	56.1	57.0	57.5	58.4	59.6	58.6
Butter (actual weight)	4.3	4.3	4.4	4.5	4.5	4.3	4.6	5.1	5.0
Margarine (actual weight)	11.9	11.4	11.2	11.2	11.3	11.2	11.1	10.4	10.4
Lard	2.6	2.2	2.2	2.4	2.4	2.5	2.5	1.8	2.1
Shortening	17.7	17.2	17.8	18.4	18.2	18.5	18.7	18.5	21.3
Other edible fats and oils	21.5	21.0	22.1	22.4	22.7	23.5	23.2	24.8	21.2
Fruits									
Fresh	81.3	79.4	80.5	81.2	86.7	83.9	83.9	87.5	86.6
Citrus	28.1	25.3	25.6	23.7	28.1	24.2	23.9	27.7	23.0
Noncitrus	53.2	54.2	55.0	57.5	58.6	59.7	60.0	61.5	63.6
Processed:									
Canned fruit	18.6	19.0	17.9	17.8	17.4	16.4	4/	12.9	4/
Canned juice	14.5	13.6	16.5	16.9	16.7	19.1	13.7	16.2	n.a.
Frozen (including juices)	13.6	14.0	12.5	12.6	13.0	12.7	14.1	15.1	13.5
Chilled citrus juices	6.1	5.7	6.1	5.5	5.9	4.1	3.5	4.1	3.7
Dried	2.6	2.5	2.1	2.6	2.4	2.7	2.9	2.9	n.a.
Vegetables									
Fresh 3/	92.8	93.6	94.3	96.5	99.0	95.7	4/	71.2	4/
Canned (excluding potatoes)	53.0	53.1	51.8	53.2	48.5	45.6	45.6	47.1	n.a.
Frozen (excluding potatoes)	10.1	10.2	10.7	11.2	10.4	11.6	10.7	11.1	12.0
Fresh potatoes	48.5	51.5	48.8	52.1	53.9	46.3	48.1	51.9	n.a.
Frozen potato products	14.6	15.7	17.2	17.7	16.9	18.2	18.1	18.7	17.4
Sweetpotatoes 5/	4.6	4.0	3.8	4.1	3.8	3.4	4.4	4.5	n.a.
Grains									
Wheat flour 6/	119.1	115.5	115.2	117.2	116.9	115.9	119.6	116.1	117.8
Rice	7.1	7.5	5.7	9.4	9.4	11.0	11.8	9.8	8.6
Other									
Coffee	9.4	6.9	7.9	8.5	7.7	7.7	7.5	7.6	7.7
Cocoa	3.0	2.6	2.6	2.6	2.6	2.9	3.0	3.3	3.6
Peanuts (shelled)	6.2	6.3	6.8	6.8	5.5	6.4	6.7	6.7	6.9
Dry edible beans	6.0	6.2	4.8	4.7	4.6	5.7	6.0	6.2	n.a.
Melons	18.3	19.1	19.8	18.9	16.9	18.8	n.a.	n.a.	n.a.
Sugar (refined)	93.4	94.2	91.4	89.3	83.7	79.4	73.7	71.0	67.5
Corn sweeteners 7/	37.3	39.8	43.3	47.2	52.7	58.8	63.8	69.4	77.3
Soft drinks (gallons)	30.6	33.3	35.4	36.8	37.8	38.9	39.6	40.0	n.a.

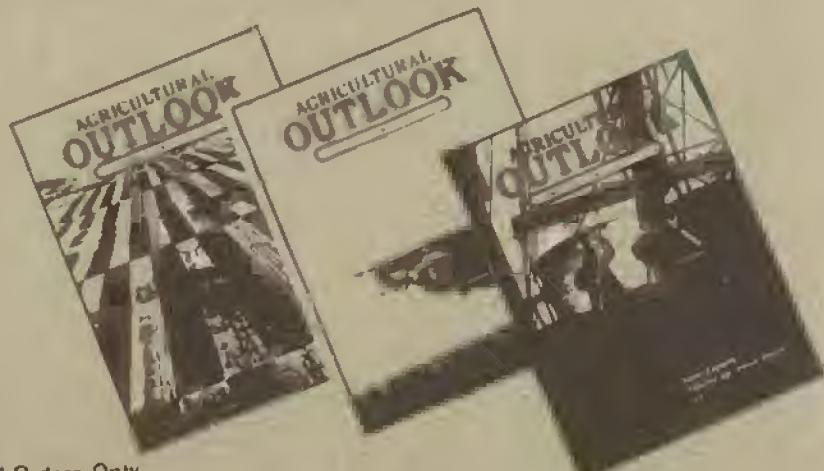
1/ Quantity in pounds, retail weight unless otherwise shown. Data on calendar year basis except for dried fruits, fresh citrus fruits, peanuts, dry beans, and rice which are on a crop-year basis. 2/ Preliminary. 3/ Commercial production for sale as fresh produce. 4/ Not comparable to previous years due to crop reporting cutbacks. 5/ Table stock and processed. 6/ White, whole wheat, semolina, and durum flour. 7/ Fructose and glucose. n.a. = not available.

Note: Historical consumption and supply-utilization data for food may be found in Food Consumption, Prices and Expenditures, 1963-83, Statistical Bulletin 713, ERS, USDA.

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